
Opening for more imagination

BY C. GORDON TETHER

THE FACT that, although the country's standard of living has recently been falling at a faster rate than at any time in the past 20 years, the Government has warned that it may take even longer to slow down the pace of inflation than had earlier been thought is a pungent commentary on the unimaginative character of the official disinflation strategy. And the extent of this weakness becomes the more apparent when the British programme is compared with some of those formulated by other countries grappling with the same problem.

As is abundantly clear from the behaviour of the standard of living and unemployment statistics, Britain is no longer in the traditional kind — that arising from an excess of demand over the country's productive capacity. Indeed, it can be argued that, in the period immediately following the introduction of measures to reduce inflation, the country's economy is in a state of depression. The problem now is to eliminate a wage-price spiral that has developed such powerful self-perpetuating characteristics over the past few years that it cannot be counted upon to respond readily to normal disinflationary treatment.

Sugaring pill

The best hope of finding the answer to this clearly lies in slowing down the rise in the cost of living. But it is not so simple as it seems. The account to feed the spiral by putting up prices. But it has to be recognised that incomes may well be rising significantly less rapidly than prices in the period immediately following the introduction of measures to reduce inflation. This is because for a while, prices will be continuing to reflect the faster pace at which wages were advancing before the freeze or partial freeze.

The willingness of the trade unions to stomach this deprivation cannot be taken for granted for long. So the success of the operation depends very much on keeping this phase as short as possible.

Many other countries have clearly had this very much in mind in drawing up the programmes for tackling their wage-price problems. The recent South African and Norwegian packages are good examples. In the Norwegian case, workers receive only 90 per cent. compensation in higher wage payments for the rise in the cost-of-living over the past year and only 90 per cent. of that is to be in pay increases.

To sugar the pill that the

RACING

Park Row can open his account

PARK ROW, who could finish only fourth when a heavily-backed favourite for a maiden event at Newmarket on Cambridgeshire day, looks capable of making up for that costly failure in today's Capt. Cook Plate (2.45) at Redcar.

The Ryan Jarvis-trained two-year-old, a half-brother by Sovereign Path to Long Row and Angel Row, had previously shown notable promise when close-up sixth of 15 in a maiden event won by Tsarevitch at Yarmouth.

Park Row will find this afternoon's company a good deal less formidable than that which he met on his home course, and I shall be surprised if he cannot open his account and provide his dam, the Irish 1,000 Guineas winner Front Row, with another good winner.

A second likely winner for Jarvis and his stable jockey, that strong lightweight Taffy Thomas, is Royal Match, the top weight with 8st. 10lb, in the Hanging Stone Handicap (3.15).

Royal Match, who never looked like getting into contention in the 38-runner Cambridgeshire, in which he was severely handicapped, is a small price to pay for the contribution these measures will make to the elimination of the wage-price nightmare.

No such imaginative touches are to be discerned in the British programme — if that is the right word — for tackling the wage-price spiral. The idea of wages-prices spiral, with the new incomes control is imposed on its real incomes through tax and subsidy adjustments does not appear to have been considered.

As for the case for making a bigger effort to hold down prices so as to discourage workers from reaching the conclusion that the attack on the inflationary spiral on the wages side is too one-sided, the White Paper on inflation rejected it out of hand. And the arguments that it added for doing so do not stand up to close examination.

It claimed, for example, that a freeze on prices would depress investment and thereby delay industrial recovery and growth. Yet, if such a move could be seen to be likely to lead instantly to a dramatic deceleration of the wage-price spiral, it could have precisely the opposite effect.

If, as Mrs. Thatcher was telling the Tory faithful last week, the British are still an imaginative people, their leadership should be able to do better than this.

White Paper

Of course, by granting tax concessions and putting up subsidies, the Norwegian Government will be weakening its Budget position. But the encouragement this will give to the demand-pull inflation should be nothing to worry about at a time when economic activity is slowing down. And, in any case, any disadvantage that is incurred on Budget account will be a small price to pay for the contribution these measures will make to the elimination of the wage-price nightmare.

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THE FINANCIAL TIMES

BY JOHN CHITTOCK

BY DOMINIC WIGAN

FILM AND VIDEO

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by WILLIAM PACKER



The smaller works, drawings and gouches of palms and courts and hotel gates, are vigorous, engaged, and really rather good, although there is a sense that they may have been left too soon. And though the larger paintings still display many of the old inadequacies, they have been carried through to some conclusion, and some of them do work. Here again is a case of the artist biting off rather more than he can chew, but having the grace and tenacity to persist.

by RONALD HOLLOWAY

**The Entertainment
Guide is on Page 31**

Bush

City Sugar by MICHAEL COVENEY

SMIFFO! at the Tramshed

Duke of Edinburgh
to attend
Edinburgh concert

On November 25 the Duke of Edinburgh is to attend a concert given by the Scottish Baroque Ensemble in the Signet Library, Edinburgh. The Duke has been honorary patron of the Scottish Baroque Ensemble since November last year, but this is the first occasion he has been able to attend one of their concerts and meet members and patrons of the Ensemble.

by H. A. N. BROCKMAN

wittiest architectural drawings. Beautiful understatement so strongly reminiscent, although not deliberately derived from, the economic draughtsmanship of Osbert Lancaster. Cedric Price enjoys an obvious popularity with the extremist youth of the architectural profession and he must be congratulated on this honest exposure of a wide interest and a stimulating talent.

Elizabeth Hall

Beaux Arts Trio

by RONALD CRICHTON

Each of these recitals includes two of the major piano trios with two lesser ones. Sunday brought the second (G major) of the set dignified by the composer as Opus 1 (he diplomatically

ally delayed this designation until he had something ready to be considered worthy) and the E-flat Trio from Op.70. Between the two came the single Allegretto movement, dated 1812 (the year after the Archduke), written for the young Maximilian von Brentano, and the 14 Variations for piano, Op.33, which he composed as early as 1792, before Beethoven moved from Bonn to Vienna. Of the two the Variations are the more interesting—entertaining, varied, endearingly juxtaposing sudden brilliance with solemn, ballad-like passages and a future-looking playfulness.

The playing had the expected superlative quality, with a degree of ensemble going far beyond merely keeping together. With these artists it is a question of give-and-take, and constant mutual awareness, the pianist in almost physical touch with the violinist, the violinist making eye(s) in the back of his head, each member listening acutely to

the others. The sound, *due and* *sliken* from the pianist as well as the string-players, is especially well suited to the Elia Trio, a work of rustling contentment. Oddly enough this sound went slightly less well with the G major Trio, ravishingly played in a way that did not seem quite right for the young Beethoven who had so much *boiling up inside him*. Something to do, perhaps, with the difference between a modern grand played with fabulous control of dynamics and a fortissimo played all out.

Klee loan for the Tate

Felix Klee, son of the artist Paul Klee, has lent the Tate five paintings by his father. These works from Herr Klee's personal collection in Bern are now on display in gallery 26, supported by the Tate's own holding of the artist's work—four watercolours and one late oil painting.

The Klee Loan, offered for a period of two years, enables the Gallery to show for the first time in the context of the Permanent Collection an almost comprehensive view of Paul Klee's career (only the years up to 1918 are still lacking).

Festival Hall

Barenboim, Rubinstein

by DOMINIC GILL

some awkward moments, much over-punctuated rubric, and (for my taste) already whetted maybe by the "Wounded" and "Pursive" gesture—does there really have to be such a great allargando on the first three chords of the finale? But it had poise and presence, and a strong individual accent; and it left in its wake a powerful resonance. The impulse was again predominantly lyrical, the accent on verve and vigour rather than finesse. It is design, or accident, or plot, or a slow, the same, or a still place in the coda of the finale, pointing our attention instead to the richness of texture and har-

Contemporary Music Network

It was a sympathetic performance, easy and precise, musically satisfying, but not uncharacteristically, in my opinion, diamond-cut. Physical line, problems of balance were well solved—not the music, but movement ideally needed a more incisive piano tone. The piece itself appeared to follow a millstone indeed, 41 years ago after its composing—not the slightest ripple of alarm.

It was good to hear Beethoven's fifth symphony again, after so many years (perhaps, hearing a music critic could avoid the Fifth for so long); it was good to hear it too; in so well-maintained and intelligent a performance as Beethoven's. It was an unimpaired account: there were

The Arts Council of Great Britain, under its Contemporary Music Network scheme, is to subsidise 12 tours between October and March. There will be 85 concerts, which will cost in the region of £68,000.

The widest possible variety of contemporary composition and performance is represented by works from Stravinsky and Janáček to Mario Davanney and Dominic Muldowney, from the London Forces Quartet and the Bournemouth Sinfonietta to the Philip Glass Ensemble from New York and the Spontaneous Music Ensemble.

There will be three jazz ensembles chosen to present an

broadcast spectrum of jazz music currently played in this country. These will be SOS with John Surman, Mike Osborne and Alan Skidmore; Chris McGregor's Brotherhood of Breath; and Ardleymusic, which will include Alan Cox and members of his New Orleans. The New Orleans nucleus feature music specially commissioned by the London Borough of Camden for its jazz festival held last autumn.

There will be two distinguished foreign groups: the Philip Glass Ensemble, from the world of "process" music and the Italian two-piano team of Bruno Canino and Antonio Balista.

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OVERSEAS NEWS

Smith denies he blamed Vorster for talks failure

JOHN HAWKINS
SALISBURY, Oct. 13.
Mr. Smith today angrily denied he had blamed Mr. Vorster, the South African Minister for the failure of the talks in Rhodesia. The Prime Minister was reacting to a report that he had blamed Mr. Vorster for the collapse of the Falls Talks with the National Council in Salisbury.

Mr. Smith said that remarks in a British TV programme that he had blamed Mr. Vorster for the failure of the talks were "a gross distortion of the truth". He said that he had been quoted out of context and that he had never said that Mr. Vorster was responsible for the failure of the talks.

Mr. Smith said that he had been quoted as saying that he had been "whipped" by the President of the Rhodesian Government, Mr. Bishop Muzorewa, in last year, about a fortnight before Mr. Vorster had his detente initiative.

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Sweeping Saudi Cabinet shuffle

RIVADH, Oct. 13.
KING KHALED of Saudi Arabia today reshuffled his seven-member Cabinet, appointing two princes as Ministers of Interior and Foreign Affairs.

Prince Saud Al-Faisal, Minister of State for Foreign Affairs, became Foreign Minister, a post held by the late King Faisal for 25 years until his death last March.

Prince Mayef Ibn Abdulaziz was named Interior Minister, succeeding Crown Prince Fahd, who remains First Deputy Premier, both men had been effectively doing their respective jobs for some time so the appointments come as no surprise to observers.

THE EAST AFRICAN COMMUNITY

A break-up threatens

BY JOHN WORRALL, NAIROBI CORRESPONDENT

A COMMISSION to review the East African Treaty of Co-operation, which brought the East African Community into being in 1967, is faced with the melancholy task of loosening the ties between the three partners. It may even have to recommend the dissolution of the Community. The commission is to meet as soon as it can find an impartial chairman.

In the past few months the Community, which consists of Kenya, Tanzania, and Uganda, has moved very near the point where collapse and break-up seem inevitable. Bitter quarrels, ideological differences between socialist Tanzania and capitalist Kenya, and lack of economic co-operation have knocked gaping holes in the organisation. The smooth running of the key transport corporations has been disrupted by financial disputes.

Where is the campaign to break up the Community coming from? Certainly not from Uganda, a landlocked country entirely dependent on the corporations for its communications with the outside world. President

"We don't want the Community... there is no goodwill"—Charles Njonjo, Kenyan Attorney General.

Amin may be bizarre and unpredictable, but he knows where his bread is buttered.

The bigger partners, Kenya and Tanzania, have each been accusing the other of forcing a break-up. A frank admission, however, came from Mr. Charles Njonjo, Kenya's influential Attorney-General, who told the Kenya Parliament recently: "We are ready for the review (of the treaty), and we don't want the Community." He added: "There is no goodwill in the Community and that is why it has not succeeded... most of the services carried out by the Community should be rendered by the individual partner states to their people."

Tanzania has made it clear in official statements that it wants to "decentralise" the Community, which many believe would be a precursor to break-up. It has recently been holding up the ideological war against free enterprise Kenya in the government-owned Press and radio, to which Kenya's independent Press has replied vigorously. It is well known in East Africa that Tanzania has recently been shifting its sights southwards towards an economic and more sympathetic union with Mozambique and Zambia, which would preclude participation in the Community.

Tanzania has been delivering quite serious, strategic blows against Kenya. They included a ban on Kenya's lucrative transport business with Zambia by closing the access roads across Tanzanian territory. Kenya accused Tanzania of jealousy, and of diverting this profitable trade to the new Chinese-built Uhuru Railway between Dar-es-Salaam and the Zambian copper belt.

The first victim in the break-up process will be the Railways Corporation, which has suffered mortally from Kenya-Tanzania hostility. Tanzania is proposing outright decentralisation with each region going it alone as a separate railway. Uganda is likely to stay linked with Kenya, for without the rail link through to Mombasa it would be cut off from the sea.

Guerillas kill 7 in Namibia

PRETORIA, Oct. 13.
A communiqué identified the guerrillas as members of the militant Nationalist South-West Africa People's Organisation (SWAPO), who were stated to have fled back into Angola.

AFRICAN nationalist guerrillas killed seven people during week-end raids into the northern area of South-West Africa (Namibia). South African Defence Force headquarters announced here that Rhodesia could not be "ready secured" a settlement.

Hostages in Eritrea rebels 'to hold them indefinitely'

WYNN ROBERTS
AN GUERRILLAS intended to have been worth \$250,000. It was immediately the two men were taken to the outskirts of Asmara, employing about 40 communications station at Asmara. They will only release them if the Government agrees to the base from Eritrea and military aid to Ethiopia. I spoke to the guerrilla inside Eritrea just over go they said they did not execute the hostages or lead them for their release. They could hold them until the situation complied with their demands.

ELF executive committee was being convened in Asmara to decide finally on the release of the two captives towards the two captives were moved to the base camp within a few days of the kidnapping on September 12. They were forced to the way and were in danger from Ethiopian aircraft which were bombing the route.

ELF claims that after the hostages, who were working on the base, totally destroyed the base, thought to would be held, he said, until their demands had been met.

The Ethiopian armed forces appear to have been giving the U.S. servicemen at Kagnew very little protection. Two other American technicians were seized from the transmitter base in July. Two Americans were killed by a landmine on August 24 near the base. The kidnappers said there was no difficulty capturing the two Americans from Kagnew.

I was told that the two technicians were held by the rival ELF faction, the Popular Liberation Forces. They had been moved to the desert region near the Red Sea in Eritrea's Sahel district. The two men were said to be in good condition but it was also told that they were suspected of working for the CIA. If the ELF find proof of this they may face execution.

Fighting in Eritrea in the past few months has been intense around Asmara, and ELF guerrilla squads are making almost nightly raids inside the city.

Villages around the city are either deserted or destroyed by jet bombers. But military activity around the other major Eritrean cities is on a much smaller scale.

The 24-man Cabinet, with King Khaled as Prime Minister, is made up of princes, sheikhs and specialists educated in the West. Sheikh Ahmed Zaki Yamani, who has acquired a world-wide reputation through his role in negotiating and implementing the Middle East oil producers' policies, remains Oil and Mineral Wealth Minister.

Sheikh Ibrahim Al-Ankari, formerly Information Minister, was named Minister of Labour and Social Affairs in a major change.

Replacing him at the Information Ministry was Dr. Mohammed Abdo Yamani, president of Abdulaziz University at Jeddah and one of eight new men named to ministerial posts.

The seven others were: Health Minister, Dr. Hussein Abdulrazzak Al-Jazairi, dean of the school of medicine at Riyadh University; Commerce, Dr. Sauleman Abdulaziz As-Saleman, formerly under-secretary at the Ministry of Commerce and Industry; Posts, Telegraph and Telephones, Dr. Alawi Darwish Kayyal, formerly director-general of telephones; Industry and Electricity, Dr. Ghazi Abdel-Rahman Al-Qasbi, director-general of railways; Minister of State, Sheikh Mohammed Ibrahim Massoud, former under-secretary of state for Foreign Affairs; Minister of State, Dr. Abdullah Mohammed Omran, formerly ranked as ambassador at the Foreign Ministry; Municipal and Rural Affairs, Prince Malik Ibn Abdulaziz, a brother of King Khaled.

King Khaled's uncle, Prince Muhsen Ibn Abdulrahman, was replaced as Minister of Finance and Economy by Sheikh Mohammed, formerly Minister of State for Financial Affairs, Reuter.

Egypt in new dispute with Syrians

BY MICHAEL TINGAY
CAIRO, Oct. 13.
MOVES to patch up strained relations between Egypt and Syria, which opposes Cairo's interim agreement with Israel, halted abruptly here when Egypt withdrew from a special committee of the confederal Parliament following the discovery that one of Syria's 20 members of the loose-linked assembly of Egypt, Syria and

Libya was carrying anti-Egyptian pamphlets.

An investigation is being demanded and the four-man conciliation committee, now minus its Egyptian representative, Mr. Mahmoud Abul Nasr, will have to delay a scheduled trip to Damascus. The development demonstrates the fragility of the three-state assembly, which had been convened on President

OCCIDENTAL TALKS ADJOURN

LOS ANGELES, Oct. 13.
OCCIDENTAL Petroleum said talks with Libyan Government representatives in New York have adjourned without "reaching positive conclusions." The company said it appears that the differences will have to be resolved by the arbitration proceedings previously initiated by Occidental.

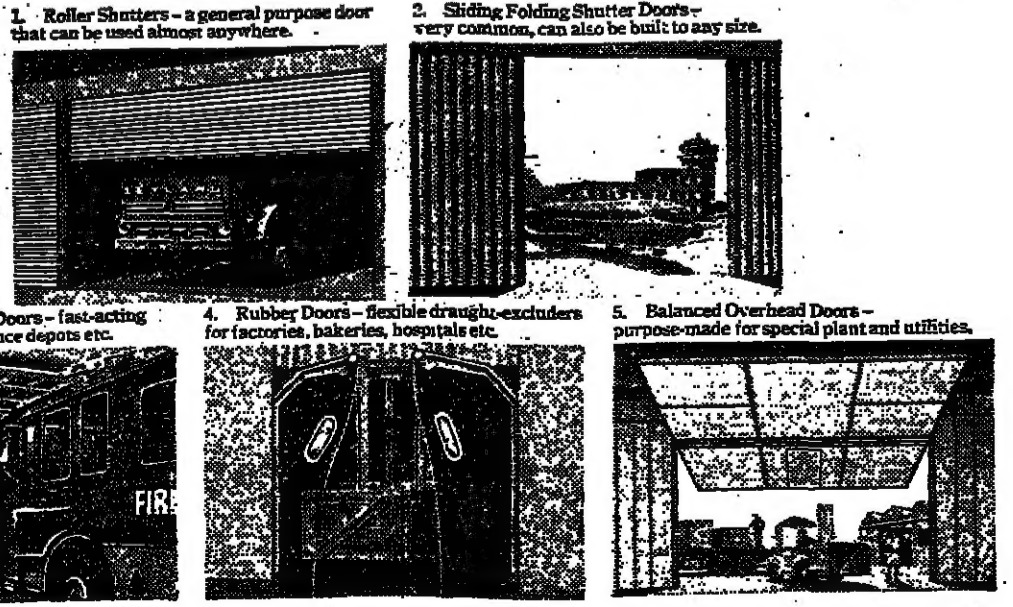
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EUROPEAN NEWS

Portuguese PM warns of austere days ahead

By Jane Bergerol

LISBON, Oct. 13.

WARNING of difficult and austere days ahead, Portuguese Prime Minister, Admiral Pinheiro de Azevedo, painted a sombre picture to-night of the country's economic situation and called on the Portuguese people to support the sixth provisional Government, "the last hope of a government within present constitutional structures."

In a nationwide and lengthy television broadcast, Admiral Pinheiro said: "I say to all Portuguese, with all bluntness and no less determination, if we want to be free and equal in rights and opportunities, we must demand of ourselves now hard sacrifices, positive contributions and a vigilant civic conscience of the national meaning of our acts."

He called on the Portuguese to provide their own order and discipline. "We do not want a repressive system," he said, going on to condemn indiscipline in military ranks and warn law-breakers not to expect clemency from the Government.

"The sixth Government will respond to efforts to unseat it by governing," he said. However, he took care not to exacerbate tensions by refraining from placing blame on any particular political group for the current state of tension and uncertainty in the country.

The main part of the address was dedicated to a detailed picture of the crisis-ridden economy and explanations of why salaries could not be allowed to rise much further. This apparent crack-down follows threats this week by the metalworkers' union to "paralyse the south of the country" unless their wage demands are met.

Government subsidies, support to loss-making nationalised and private industry, and massive credits to agriculture are increasing the national budget deficit far beyond forecasts, while the balance of payments, the Prime Minister said, is expected to be twice as heavy deficit as last year.

Yesterday, the Lisbon Light Artillery Regiment, always in the forefront of the continuing effort to build up workers' and residents' committees parallel to state structures, held a meeting preparatory to launching a people's assembly in the area. Tonight other leftists were to demonstrate before the Lisbon City Council building in support of turning the council into a people's council, away from previous civil service patterns.

Turkey's big parties gain in mid-term elections

By METIN MUNIR

ANKARA, Oct. 13.

TURKISH Prime Minister Süleyman Demirel has emerged stronger from yesterday's mid-term elections, which were a major test both for his private enterprise Justice Party and his four-party coalition Government. However, the biggest winner was Social Democrat Ecevit's Republican People's Party, which reinforced its status as Turkey's biggest party.

Mr. Ecevit won 25 of the 54

Senate seats contested, making a net gain of 17, and two of the four National Assembly seats. His party's 1973 electoral support of 35 per cent. was increased to more than 40 per cent.

Mr. Demirel's party won 27

Senate seats, losing five, and four National Assembly seats. Its votes grew, however, by about 9 per cent. to more than 35 per cent.

The Right-wing splinter par-

Wide capital gains tax recommended in France

PARIS, Oct. 13.

A WIDE-RANGING capital gains tax, in certain cases retroactive, and enforced through the annual declaration by individuals of any sale of assets is recommended in a report which could form the basis of a reform of France's relatively lax treatment of such profits.

The report has not yet been officially published. Enough of it however has found its way into the Press to give a nasty fright to the Paris Bourse and prices dropped almost 1 per cent. today. Although no part of the report—even if approved—could be implemented before 1977, its very existence is likely to be a factor of uncertainty in the stock market until its fate becomes clear.

The most striking feature is its lack of discrimination. Almost all kinds of capital gains will be eligible, whether they are speculative or not. All transactions would have to be declared to the tax authorities at the start of the following year, together with relevant documents so that the tax could be fairly calculated.

The report suggests that works of art be taken into account beyond a value of Frs.10,000 (£1,000). Most worrying of all,

however, to a nation that has long made a point of secrecy in its financial affairs, is the proposal that gold should be eligible as well.

The legendary fondness of the French for gold reflects in part the anonymity which covers dealings in the metal. The reporting commission is well aware of the hornet's nest that any change in this freedom would stir up and even suggests that to avoid upsetting the public, the buyer rather than the seller might be taxed.

Other liable assets would include foreign property, shares, bonds, foreign currency and even goods held abroad. However the report not surprisingly acknowledges the extreme difficulty of putting its ideas into practice.

Nor does it throw much light on two other key problems: to what extent capital losses be taken into consideration, and what to do about inflation, which renders many capital gains purely nominal. The drafting commission acknowledges this weakness. But should even some of their ideas become law, they could amount to among the most important changes in French society that M. Giscard d'Estaing will have introduced.

Election for second round

CHATELLERAULT, Oct. 13.

FRENCH Co-operation Minister, Pierre Abelin, failed narrowly to win the necessary majority in a by-election here yesterday and will have to contest his seat in a second round of voting. M. Abelin obtained 48.41 per cent.

of the votes, followed by Socialist Edith Cresson, with 22.5 per cent., and Communist Paul Fromont, with 21.49 per cent. The second round will be next Sunday between the two leading candidates.

Mr. Demirel said to-day that his coalition would continue to rule. He considered the results as an element of political and economic stability. He claimed that at the first general election his party would come to power alone—a hope echoed by Mr. Ecevit as well. Both have fair grounds for the claim because today's results have indicated that the swing has turned towards the big parties.

Giscard flying to a cooler Moscow

By Rupert Cornwell

PARIS, Oct. 13.

FRENCH PRESIDENT Valéry Giscard d'Estaing leaves to-morrow for a four-day official visit to the Soviet Union that is likely to underline the subtle change in relations between the two countries since he took office in May 1974.

The trapping of the occasion will be as weighty as ever. The French President will be accompanied by his Finance, Industry and Foreign Ministers, and during his stay is expected to sign not only outline agreements covering energy, aerospace and tourism projects, but also a political document that will emphasise the special relationship the French have long fostered with Moscow.

As usual his visit is generating wide publicity in the Soviet Press. However, this time the traditionally fulsome articles contain references to labour and social problems within France, and also praise specifically the French Communist Party, usually the great unmentioned on such occasions.

The reasons for this slight, but nonetheless tangible cooling are several. In the first place, differences exist on international relations, above all after the European Security Conference in Helsinki. While Moscow would ideally prefer a friendship with France, they will get no more than a pledge from the French for a closer harmonisation of policy between the two countries.

France, however, is determined to hold the Russians closer to the letter of the Helsinki agreement, particularly over the human contacts between the two blocs. The Soviet Government, whose intentions on this point are far from clear, has already shown its irritation.

Now can the Kremlin have been pleased with the Communist diatribes of this summer by some French Ministers, notably the Interior Minister M. Michel Polakowski, personally close to the President. On top of this Moscow has watched with some disquiet the smoother pattern of relations between France and the U.S.

The other great topic this week will be economic co-operation. The possibility of a Russian trade deficit of Frs.1.5bn. this year in its dealings with France may well slacken the pace of new deals. In particular, a proposed Frs.12bn. aluminium complex contract under negotiation with the French group Pechiney is still bogged down in negotiations.

On the energy front, France may engage to step up its purchases of Russian oil, possibly in payment for French technical aid in prospecting potential oil fields in the Barents Sea.

Our Moscow Correspondent writes: Diplomats anticipate the Russians will push for two things during the political talks: first, assurance that the "special relationship" retains its old significance and that France is not about to slip back under the NATO umbrella.

Second, they will seek additional bilateral treaties, in keeping with the interpretation of the Helsinki conference final act as not an end but a beginning for expanded international relations. However, while French officials consider it unlikely that the Russians will revive their call for a full-scale friendship pact, a series of expanded joint co-operation treaties could be on the cards.

Among them: space research (a French satellite being orbited by a Soviet rocket), energy (joint oil exploration and exchange of technical equipment), perhaps even exchanges of nuclear know-how for peaceful purposes, aeronautical infrastructure (airport components, especially in connection with Soviet preparations for the 1980 Olympic Games) and tourism (expanded exchanges on both sides).

German plea for common EEC representation on

BY NICHOLAS COLCHESTER

BONN, Oct.

DR. DETLEV ROHWEDDER, State Secretary in the Bonn Economics Ministry, to-day described it as a "shameful and grotesque situation" that the European Community would be as unprepared as helpless and arguments over principle and

that if they found it impossible to lodge responsibility for energy decision with Brussels they must come up with some compromise solution. Referring to the hoped-for co-operation with the producer countries, Dr. Rohwedder again stressed Germany's objections to price and quantity agreements and to index linked pricing.

Flexibility was preferable to both consumers and producers, because, unlike fixed agreements, it did not involve assumptions on the future political and technological developments in the raw materials market. Germany, he said, did not want indexation because Germany was the only country in the world which was not an energy producer.

Both Dr. Rohwedder and another speaker at the conference, Director-General Späak, both suggested that the most valuable to come out of the consumer dialogue would commonly agreed energy production aims and estimates of oil and materials. Mr. Späak was full of regret as it was non-emergence of a EEC energy policy and industry assertion that without a common energy policy, it would not be taken seriously in its dialogue with the

Simonet confirms he may leave

BY DAVID CURRY

BRUSSELS, Oct.

M. HENRI Simonet, the Brussels Commissioner for energy policy, has confirmed that he is considering resigning in order to resume active participation in Belgian politics.

He may resign in time to stand for re-election as Mayor of Anderlecht, a Brussels commune, in the elections a year from now. In addition to his Commission appointment, M. Simonet remains Anderlecht's Mayor but his functions are largely undertaken by a deputy.

M. Simonet is a former Socialist Economics Minister and belongs to the wing of the Belgian Socialist Party whose chief spokesman is former Prime Minister Leboron Armand. He is arguing for an accommodation with the current Social-Christian Liberal coalition in order to make progress on the economic and linguistic fronts. It is therefore possible that M. Simonet is

anxious to make himself eligible for political office in a future "grand coalition."

There will be few tears shed at the thought of his departure from the Commission, which is generally regarded as having failed miserably to produce coherent and well-researched proposals for an energy policy but to have persisted with piecemeal and over-optimistic ideas. It is re-examining its own dossier and hopes to present its reformulated ideas by the end of the year. M. Simonet is said to want to get Council approval for at least the outlines of common action before leaving. The M. Simonet would be replaced by a man of political complexion. Within the Commission, M. Simonet is part of the Socialist "axis" with M. Chénissol of France, Sig Spinnelli of Italy and Mr. Thompson of Britain.

The replacement of M. Simonet to serve out the remainder of his Commission mandate, which ends in December, 1978, could raise a tricky diplomatic problem. The Dutch and the balance each other out. M. Simonet's counterpart, Dutch farm Commissioner Pierre Lardinois, who is with the Conservative anti-Socialist Belgian government, has decided to put its own equilibrium, would least temporarily, be replaced by a man of political complexion.

Aid to non-associates oppose

BY ROBIN REEVES

LUXEMBOURG, Oct.

EUROPEAN Commission plans for giving aid to developing countries put associated with the EEC through the Lomé Convention were running into opposition here this evening from West Germany, France and, to a certain extent, Belgium.

At the Council of overseas development ministers to-night, Herr Egon Zyr, the West German Minister responsible for development matters, indicated that Bonn could not agree to the Commission's proposals to distribute 100m. units of account

to EEC non-associates as the next year—plans to 200m. units by 1980—until the Community had agreed to co-ordinate and harmonise its national aid programmes.

France also was distinctly unenthusiastic, insisting that there was a link between EEC aid to non-associates and the follow-up aid to non-associates. On the other side of the table, M. Jan Pronk, the Dutch Minister for Development, urged his colleagues not to dissipate the credit established by the Com-

munity at the recent session of the UN Assembly by now in honour its commitment aid programme toward associated developing countries. The same line was very strongly by Mr. R. M. Overseas Minister. The Commission's aid to non-associates was a link between the follow-up aid to non-associates. On the other side of the table, M. Jan Pronk, the Dutch Minister for Development, urged his colleagues not to dissipate the credit established by the Com-

President of Italian House qu

BY ANTHONY ROBINSON

ROME, Oct.

THE PRESIDENT of the Lower House of the Italian Parliament, the equivalent of the Speaker in the British House of Commons, resigned to-night, and in so doing provoked a renewed wave of nervousness here about the survival of the fragile two-party Government led by Prime Minister Aldo Moro.

Sr. Sandro Pertini's resignation took place against the background of bitter polemics concerning the disproportionately high and unregulated level of wages and salaries in some sectors of the public administration, including officials employed by the Italian Parliament.

Deputy Prime Minister Ugo La Malfa recently published figures showing, for example, that a

simple parliamentary typist takes home up to three times the monthly salary of a skilled engineering worker. By doing this Sr. La Malfa illuminated the problem but put Sr. Pertini in a situation where he felt morally obliged to resign although not personally responsible for what is called Parliament's "wages jungle."

Taken in isolation, Sr. Pertini's resignation looks like a storm in a teacup. But its significance has to be judged within the overall context of a Government facing an avalanche of strikes throughout the public sector of the economy unless it can reach a satisfactory agreement with the trade unions, which are pressing for wide-

spread re-organisation: higher salaries. The revelation of high and other privileges at certain sectors of the public has whetted the appetite for more lowly paid workers to demand a whole series of reforms and wage adjustments. These threats merge the Government's official union leadership employers' federation, are all seeking not only overall wage settlement economically viable but also to impose a more wage structure in the public sector. Hence the highly nature of Sr. Pertini's resignation and the delicate situation which he created.

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Finns put forward budget of economies

BY LANCE KEYWORTH

HELSINKI, Oct. 13.

FINLAND'S proposed 1976 budget might best be described as an economy budget rather than the austerity budget many had expected in view of the serious state of the economy. Nevertheless, it introduces a number of increases in taxes and charges, sweetened somewhat by income tax reliefs for individuals.

Balanced

The budget is balanced at F.Mk.23bn. (£3.3bn.) with the aid of F.Mk.1.27bn. in long-term domestic and foreign borrowing.

The Budget-makers have tried this time to make a realistic assessment of expenditure in 1976. Thus, the best comparison with the current year is in terms of cash outgoings, according to which the 1976 budget is 8 per cent. bigger than the estimated cash outlays for 1975. In view of the 17 per cent. rate of inflation, this shows a real effort to slow the growth of public sector expenditure.

Many non-productive and essential public sector investments have been postponed or slowed down. But private investment will also be curtailed by the burden of the new taxes and charges on companies, which are already struggling in a very tight money market to keep the wheels turning by producing for stock. Industry estimates that

the 1976 budget will add about F.Mk.1bn. to its cost burden. On the revenue side, 88.2 per cent. of the total comes from income, property, excise and other taxes and income of a tax-like nature. Turnover tax goes up by 1 per cent. unit to 12 per cent. A one-and-a-half per cent. property tax will be levied on corporate property. The excise on tobacco, sugar and petrol is to be raised. Both railway and post and telegraph tariffs will be increased by 24 per cent. on average.

The economic indicators published with the budget Bill make depressing reading. GDP growth this year is estimated at minus 1 per cent. Next year at plus 1.5 per cent. Industrial production in 1975 minus 3 per cent. In 1976 plus 1 per cent. The current account deficit for this year is estimated at F.Mk.5bn. and the 1976 at F.Mk.6bn.

Depressing

When he introduced the 1976 budget, Finance Minister Heikki Tuominen described the depressing economic trends seen in the current year. He said: "Such a development is serious, but not hopeless. It can be mastered, but this requires strong measures." However, it remains to be seen whether the caretaker Cabinet can get the new Parliament to accept the strong medicine.

Central bankers discuss IMF gold sales plan

BY JOHN WICKS

BASLE, Oct.

THE IMF decision on gold sales here. Apart from the uncertainty as to the date, the expected entry of the Swiss franc into the European currency "make" are the main topics being discussed at the monthly central bankers' meeting at the headquarters of the Bank for International Settlements.

Present at to-day's meeting was Dr. Johannes Witteveen, IMF managing director, who is currently visiting Western and Eastern Europe. There is wide spread doubt as to the means of implementing the IMF interim committee programme for gold sales, and the national banks will want to hear Dr. Witteveen's views on the starting date for the sale of the 25m. ozs. and whether the gold should be sold in the open market or to central banks.

In the latter case, as Swiss National Bank president Fritz Leuwyler recently pointed out, it must be ascertained whether the central banks of IMF countries are legally committed to buy gold at other than the official price before a revision of the IMF's articles, which would take some 18 months to carry out.

There are indications that some central banks are already preparing for the acquisition of IMF gold, but it seems likely that it will not be possible to find a solution now that will satisfy all the banks represented here. Apart from the uncertainty as to the date, the expected entry of the Swiss franc into the European currency "make" are the main topics being discussed at the monthly central bankers' meeting at the headquarters of the Bank for International Settlements.

MASCHINENFABRIK BURG NUERNBERG is to feature for £7.35m. a new propelled floating crane and 125 tonnes capacity Saudi Arabian ports of aid Dammam.

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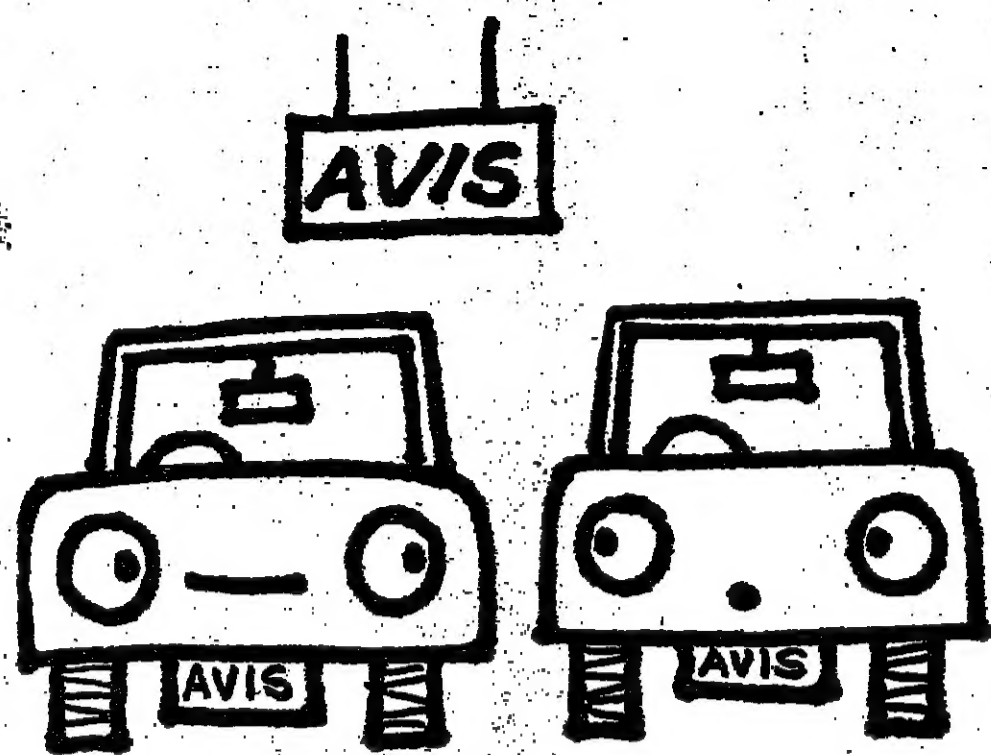
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ADVERTISER'S ANNOUNCEMENT

**We'll take
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No. 4

British airways ANNOUNCE

Tuesday, October 14, 1975

Fly the flag

**Hotels
to take
good
care
of you**

THREE more hotels have recently joined the British Airways Associate hotel group to bring the total number to 45.

They are: the President, in Johannesburg, for which British Airways now has a marketing agreement with Trust Houses Forte; the Rheinstern Penta, Düsseldorf, and the Balaia Penta on the Algarve — new additions to the popular-priced Penta range of hotels. They have also increased their investment in the Coral Strand in the Seychelles.

The three newcomers have only one thing in common with the other 42 hotels in which British Airways has an interest — they meet the very high standards set by the airline, but are not standardised as are many hotels in large "chains". The business men and discriminating holidaymakers, who are the most frequent patrons, know that whatever the price range, each hotel has its own individual character. Locations are diverse, including airports, city centres, beaches and safari parks.

Facilities

Many British Airways hotels boast facilities specially tailored to ease the life of the business man away from his base. The Rheinstern Penta, for instance, offers a bureau service providing offices, secretaries, telex and copying machines.

British Airways hotels can now be found dotted right round the world, from Jamaica to Hong Kong, from Brussels to Guyana, from Nairobi to Copenhagen. And there are six in the United Kingdom: two in London, one in Belfast, and near the airports at Birmingham, Manchester and Glasgow.

One other point appreciated by both the businessman-in-a-hurry and the holidaymaker who wants to be sure of his accommodation before he leaves home — rooms at any of the 45 British Airways Associate hotels can be booked through the airline's reservations computer at the same time as the booking for the flight is made.



The happy couple flanked by public notary Edmund Jong, who married them, and Captain Brian Higgins.

A FLYING START TO MARRIAGE

CHRISTIAN DUVETKOT and Cecily Palmer Roberts got their married life off to a flying start. For their walk up the aisle was on board a British Airways jumbo jet, to the accompaniment of the wedding march played over the aircraft's loudspeakers.

American businessman Christian and Cecily boarded the aircraft in Miami, together with their attorney, who performed the ceremony before the aircraft took off for London, and the start of their

Reservations open for supersonic flights

TAKE YOUR SEAT ON CONCORDE

TOMORROW, October 15, the travelling public gets its first opportunity to book a supersonic flight on Concorde.

British Airways Reservations will accept bookings for Concorde flights to Bahrain. Initially there will be two Concorde flights a week by British Airways to the Gulf, flights will leave Heathrow every Monday and Wednesday at 1045 and will land in Bahrain just over 4 hours later, at 1800 local time. Concorde flights from Bahrain will leave at 0945 on Tuesdays and Thursdays and will arrive back in London at 1105 local time.

A British Airways spokesman commented that over the past few years a considerable number of registrations had been taken from passengers wishing to travel on the first fare-paying Concorde flight. These people are now being contacted.

Statement
Whilst Concorde flights are still subject to full Governmental clearance being given, the opening of reservations follows a joint statement by the British and French Governments announcing that British Airways and Air France will begin scheduled commercial services on the same day — January 21 next year.

Direct to Cyprus

AFTER a break of more than a year, British Airways is to resume direct services to Cyprus starting in November. The service will be operating in conjunction with Cyprus Airways using DC 9-jets. There will be four flights a week from Heathrow to Larnaca — on Tuesdays, Thursdays, Saturdays and Sundays, via either Salonica or Athens. On days when these direct flights do not operate, passengers can fly by British Airways to Athens and connect with Cyprus Airways flights from there to Larnaca.

More to Turin

BRITISH Airways is stepping up flights to Turin this winter. From November 1, the airline will be flying to Turin from London on Wednesdays as well as on Mondays, Fridays and Sundays.

All flights leave Heathrow at 1050 and arrive in Turin at 1340. In the opposite direction, flights leave Turin at 1425 and arrive in London at 1510. British Airways also flies to Milan, Rome, Pisa/Florence, Naples and Venice.

Take the Caribbean Connection

British Airways will fly to more of the important business destinations in the Caribbean. Bermuda and Bahamas from London this winter than any other airline.

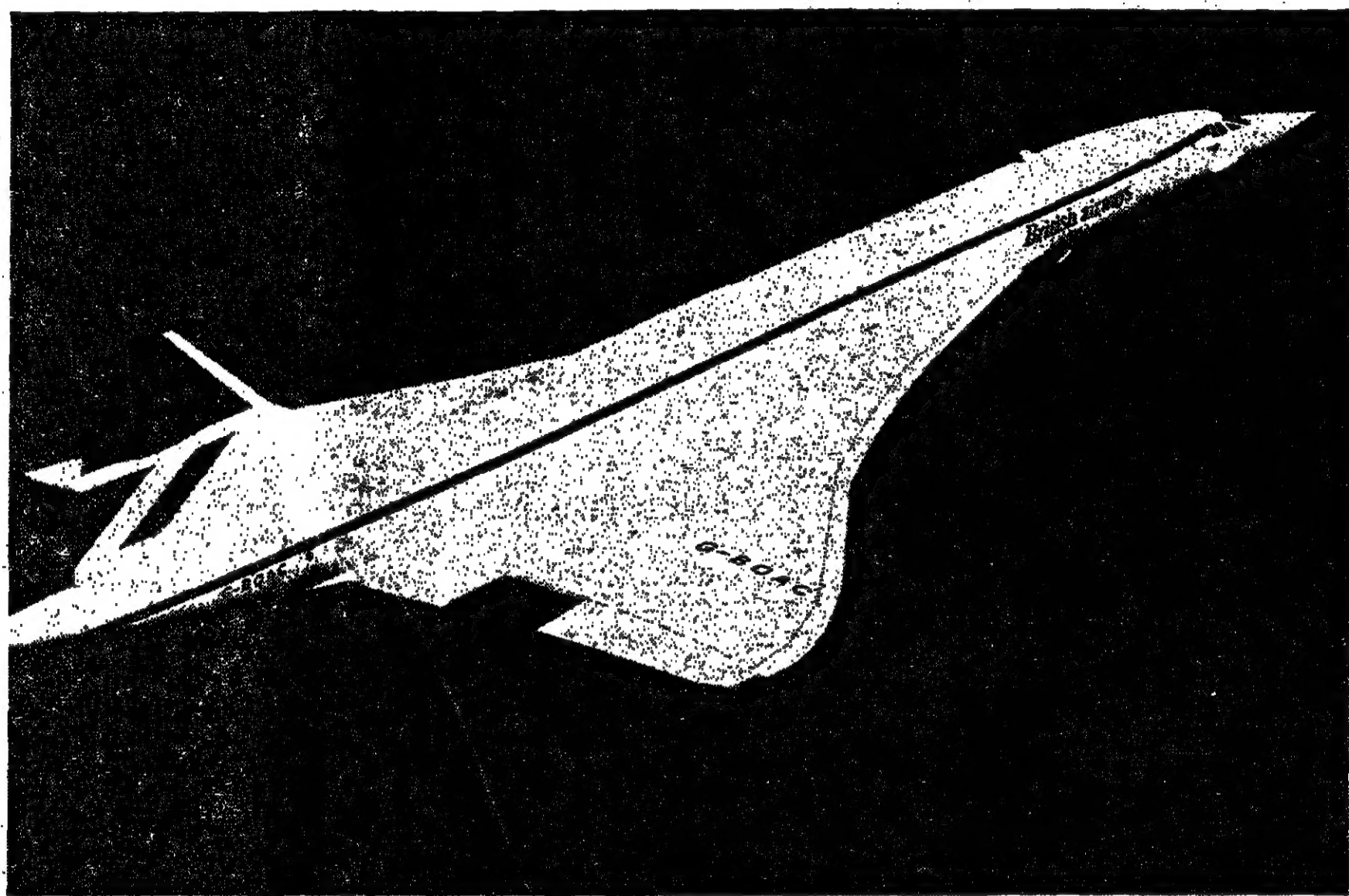
It is the only direct operator to Bermuda, Nassau and Freeport, offering six non-stop services to Bermuda each week, four to Nassau and two to Freeport. On two days each week the Kingston service is operated by spacious British Airways 747s. There are also 707 services to Kingston, on Thursdays and Sundays.

To the east Caribbean, British Airways is the only direct operator to Antigua, Georgetown and St Lucia. From November 1 the service to Bridgetown goes daily for the first time.

There will also be a flight each day except Sunday to Port of Spain in Trinidad.

This is a region which is growing rapidly economically and British Airways is on hand to fly out men and materials speedily and efficiently to meet the demands of businessmen. And to those businessmen who are unsure of their markets the airline can even offer a study tour to help them acquire the necessary knowledge of the area.

PEOPLE booking a Sovereign or Enterprise summer holiday to Europe or North Africa between now and January 16 can do so in the knowledge that the move is fully inflation-proof. These early bookers will only be charged the price printed in the brochure — even if fuel or currency surcharges force up the cost. The revolutionary scheme freezes the brochure price of a Sovereign or Enterprise holiday in Europe and North Africa for



The 1350 mph Concorde during its recently completed flight development programme.

Canada is getting a super service

BRITISH Airways is the only airline to offer businessmen speedy services to Canada from the British provinces. It is not necessary for executives in the north of England and Scotland to fly down to London to pick up their transatlantic flight.

This winter they will have a daily British Airways Boeing 707 service from Manchester and Prestwick to the thriving economic markets of Montreal and Toronto.

The service leaves Manchester at 1100 and Prestwick at 1225, arriving in the Canadian cities at 1350 and 1525 respectively.

British Airways will also have more scheduled Boeing 747 services this winter linking these two great trading countries than any other airline. Until the beginning of February, excluding Tuesdays during November, the airline will have a daily 747 flight between London, Montreal and Toronto.

Flight BA 601 leaves London at 1315 hours and arrives in Montreal at 1520 and in Toronto at 1740.

Cartoon by Ross



The Indian adventure

INDIA unhurried in the 20th century, is a land of contrasts and contradictions, and perhaps is one of the few places in the world where real experience is still to be found at the other end of an air ticket.

And now there are Speedbird Holidays to India. This is an attractive programme of quality arrangements for the discerning traveller.

The holidays include air travel on the scheduled services of British Airways and Air India and can be tailor-made to individual requirements.

You can choose between one and two centre holidays and tours. Prices start at £255.

Inflation can't hurt these holidays

Announce Reporter

as far forward as October next year. Announcing the deal, Mr Gerry Draper, Chairman of Sovereign and Enterprise Holidays, said research carried out this summer among holidaymakers at resorts in Europe showed the continuing concern about the final cost of the family holiday. This was the greatest deterrent to those planning a holiday abroad next

year. The new plan removed the uncertainty about the final cost of the holiday, he said. Mr Draper added that the move had been made possible by the great success of Sovereign and Enterprise holidays over the past two years. He went on: "There are two reasons for the success. First, Sovereign and Enterprise were the only major holiday companies to predict

and plan for this year's holiday boom.

"Secondly, a realistic pricing policy which offers value for money holidays which people both trust and can afford." Next summer Enterprise will be operating holidays for the first time to Sardinia, the Greek island of Tinos, Playa de las Americas in Tenerife and Salou on the Costa Dorada. New areas for Sovereign will be St Lucia, Mauritius, Hamburg, the Austrian Tyrol and Israel.

Fly the flag on the only daily Jumbo to Nairobi.

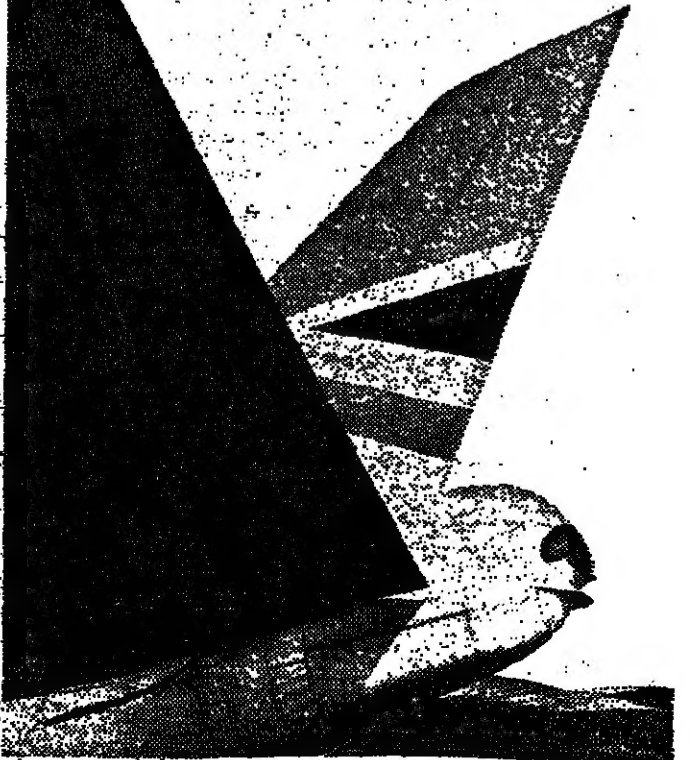
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HOME NEWS

British Leyland car sales to Benelux up 36%

FINANCIAL TIMES REPORTER

ENCOURAGING FIGURES of British Leyland car sales to the Benelux countries gave a boost last night to the State-owned company as it prepared for the Earls Court Motor Show.

Sales to Holland, Belgium and Luxembourg rose 36.3 per cent to 40,131 in the 12 months to September 30 this year, in a market which has remained fairly static. Leyland has boosted its share of total sales over the last two years from 3 per cent to 6 per cent, at the expense of other European manufacturers.

Mr. Bert Lawrence, director of the European division of Leyland International, said however that there was "a long haul" before the Benelux example could be followed in France and West Germany. "I am taking a hard look at France and Germany to devise a strategy under which we can begin to make significant inroads" into these major markets.

Leyland's principal Benelux gain was in Holland where sales were up 45 per cent to 27,215 vehicles. The performance of the Allegro models which accounted for more than a third of the exports was seen as a significant

pointer to this success. Total sales in Belgium and Luxembourg were 21 per cent higher at 12,818.

Leyland recently supplied the Dutch Army with Land-Rovers worth £13m and is hoping to follow this with sales of some 800 Land-Rover ambulances.

Competitors

Two of Leyland's foreign competitors in the British market made contrasting announcements last night, with Opel cutting the price of most of its models and Fiat raising charges by an average 4.4 per cent.

Opel, the German manufacturer, has gained a tiny 0.8 per cent share of the British market so far this year but hopes its new marketing strategy will be successful. Price cuts range from 8 per cent, or £161, on the two-door Ascona 16 model to 3 per cent on the open Commodore GSE coupe.

The initiative by Opel runs counter to the statement by Ford last week that research showed customers preferred extra refinement in their car rather than a price cut.

Fiat is to raise prices from tomorrow by an average 4.4 per

cent with the exception of the 130 range where the increase will average 9.5 per cent.

All model specifications remain unchanged and Fiat maintains that in the majority of cases many items considered as optional extras in competitive models will be included as standard. Fiat last raised prices in July.

Improvements

Improvements to the Allegro, which ranks among the five best-selling cars in Britain, are announced by Leyland to-day.

An extra six inches of leg room is provided for passengers at the rear and the driver's pedals have been moved forward to allow more space. New engine mountings and improved five-speed gearboxes are introduced.

Rehant announced that the Scimitar GTE has had four inches added to its length and three inches to its width. Apart from being more comfortable and spacious, the Scimitar has also been restyled. The new £4,387 model makes its debut at the London Motor Show.

BL clears way for worker participation, Page 13

Recovery for glass containers expected

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

SALES OF glass containers in the U.K. should show a marginal recovery in the second half of 1975 and by the end of the year be only around 10 per cent below the volume peak reached in 1974, according to United Glass, one of Britain's two largest manufacturers.

Half-way through this year sales for the industry as a whole were 15 to 16 per cent down on the same period of 1974.

The depressed state of the market has led to United Glass, which is jointly owned by Distillers Company of the U.K. and Owens Illinois of Ohio, to postpone for several months the commissioning of a major new furnace at its Alosa plant.

Completion of the scheme means that UG will have reached

the end of its £50m. three-year investment programme.

Future capital investment will be held within the cash flow, maintained Mr. Vic Hender, chairman, yesterday.

The market will have to turn up and we will have to see how much it turns up before we would consider any new major capital investment. I feel the U.K. market has just about bounced off the bottom and we should now see a slow upturn from now on."

Mr. Hender was speaking after UG revealed its interim results which showed that, for the 28 weeks to July 5, sales were up from £36.31m. to £41.24m, but trading profits fell from £2.74m. to £2.52m.

Results, Page 25

Orders for U.K. plastics

BY RAY DAFTER

BRITISH PLASTICS companies have won more than £5m worth of orders at the international Kunststoff 75 exhibition in Germany.

The provisional estimate of sales, announced by the British Plastics Federation, underlined the strong U.K. presence at the exhibition, said the Federation's

deputy director, Mr. Christopher Bromley.

With 80 companies the British contingent was the largest overseas group at the exhibition. Some 25 companies exhibited independently, including ICI, BP Chemicals, British Industrial Plastics, Bone Cravens, GKN Sankey, Churchills and Eurotherm and Hayssen Europa.

Management game entry list opens

By Michael Dixon, Education Correspondent

THE PUBLIC entry list opens to-day for the 1976 National Management Game — the seventh in the series of championships organised by the Financial Times, International Computers and the Institute of Chartered Accountants in England and Wales.

Entrants are usually teams from private enterprise or public sector organisations, who take part in the computer-based business contest as a management training exercise. But the 1976 championship was won outright by a single player and in this year's final a team composed of two married couples finished second to the Littlewoods Organisation.

At the start of the contest, the entrants are divided into small groups and the teams are each given a "paper" non-transferable company identity placed as to cash, factory capacity and so on.

Every team then decides its policy, and accordingly sets the prices for its products and allocates cash—which can be increased by borrowing within limits—to marketing, production, transport, research and development, and perhaps to hiring consultants or even industrial spies.

The sets of decisions made by the teams in any particular group are fed into the computer, which is programmed with an economic model. From the decisions, the computer works out what has happened and each team is sent a statement of its new business position in the form of a set of accounts and a market report. This statement is the basis for making the next decisions.

Applications should be sent, as soon as possible, before November 14, to Jack Layzell, National Management Game, Victoria House, Southampton Row, London WC1B 4ET—telephone 01-242 7895.

Governor Wallace sees Mr. Wilson

BY OUR FOREIGN STAFF



Governor George Wallace at No. 10.

GOVERNOR George Wallace of Alabama, who has run twice for the U.S. Presidency but never been to Europe, began his first visit to Britain by meeting the American ambassador Mr. Elliot Richardson. Mr. Richardson told reporters: "We are going to tell Governor Wallace about the political and economic situation in Britain."

So briefed, the Governor, who has been paralysed from the waist since an assassination attempt on him near Washington in 1972, then went on to establish his international credentials further as a serious presidential contender next year by meeting Mr. Wilson at Downing Street.

He is to see Mrs. Thatcher, leader of the Opposition, this morning.

But the Governor, who continues to ride high in the opinion polls, refused to be drawn in a brief meeting with the Press into a formal declaration of his

presidential candidacy. He dismissed as "fiction" suggestions that his pean tour was arranged, his image.

The Governor, who is pained by his second former beauty queen, masseur, admitted that intended to come to Bay years ago, but the visit postponed. "In this condition cannot get around as I used to," he said, in very few references to ability.

If the trip was dashed show that he could still the rigours of a presidential campaign. It did not get the very good start with the jet, several late after engine trouble.

late after engine trouble, he looked pale and weary. He was wheeled to his appointments later in the

Stonehouse faces new charge

FINANCIAL TIMES REPORTER

TWO NEW charges of lying over his alleged cash problems and love affair with her which led to his appearance in Australia under a false name 11 months ago. She is charged with five of the theft offences alleged against him, and with being concerned with him in a conspiracy to defraud creditors of his export consultancy.

Mr. David Tudor Price, prosecuting, claimed that last year Stonehouse became acutely aware of debts. He started an elaborate plan to fabricate his death and obtained funds in false names in Switzerland and Australia. He also wanted to start a new life with Mrs. Buckley. So as to prepare for appearance, he opened an account last year in the name of Markham, together with an accommodation address in Regent Street hotel address in Westminster.

Between July and November of last year he drew from funds at Lloyds, St. James's Street, after that he had a well-paid any job for American. On November 18 last, he flew to Miami with Mrs. Charlton, a director of Capital Securities, and a secretary, Mrs. Sheila Buckley, policies for more than £125,000 with five British companies.

Through his counsel, he successfully applied for the court to rise two hours earlier than usual so that he could see the Speaker and ask permission to make a personal statement in the House of Commons in due course.

Before the court adjourned until to-day Mr. Stonehouse, who was alleged to have bank accounts in Switzerland and elsewhere, said: "I have a complete answer to the charges that I made false statements to get legal aid." He said calmly in the dock, together with his former secretary, Mrs. Sheila Buckley, listening to a detailed account

of his alleged cash problems and love affair with her which led to his appearance in Australia under a false name 11 months ago. She is charged with five of the theft offences alleged against him, and with being concerned with him in a conspiracy to defraud creditors of his export consultancy.

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JOINT COMPANY ANNOUNCEMENT

South African Townships Mining and Finance Corporation Limited (S.A. Townships)

(Incorporated in the Republic of South Africa)

and Rand Selection Corporation Limited (Rand Selection)

(Incorporated in the Republic of South Africa)

Scheme of Arrangement between S.A. Townships and its shareholders (other than Rand Selection) and Rand Selection

At the meeting of shareholders of S.A. Townships (other than Rand Selection) held on 9th October 1975 in terms of an order of the Supreme Court of South Africa (Witwatersrand Local Division) the Scheme of Arrangement (the Scheme) in terms whereof it is proposed that S.A. Townships will become a wholly-owned subsidiary of Rand Selection was approved. The various resolutions required in order to implement the Scheme were passed without modification at a general meeting of S.A. Townships held on the same day.

At the Scheme meeting it was stated that the approximate net asset value of the two companies at the close of business on 30th September 1975, taking into account the market prices ruling at that date of the major quoted holdings of the two companies was S.A. Townships 1966 cents per share and Rand Selection 1838 cents per share.

An application will be made by S.A. Townships to The Supreme Court of South Africa (Witwatersrand Local Division) Johannesburg on 21st October 1975 for the sanctioning of the Scheme. Any shareholder (whether or not present or represented at the above meetings) will be entitled to be present or to be represented by Counsel at the hearing of that application.

If the Supreme Court of South Africa sanctions the Scheme and confirms the reduction of S.A. Townships share capital to give effect to the Scheme, then the salient dates of the Scheme will be those stated in the explanatory statement namely:

(a) THE RECORD DATE, i.e. the day on which:

(i) dealings in and the listings for S.A. Townships shares on The Johannesburg Stock Exchange and The Stock Exchange in London will cease; and
(ii) S.A. Townships register will close to determine to whom Rand Selection ordinary shares will be allotted and who will be entitled to the cash payments arising on the sale of fractional entitlements; will be the close of business on 24th OCTOBER 1975.

(b) THE OPERATIVE DATE, i.e. the day on which:

(i) the Scheme will become operative; and
(ii) the listing on The Johannesburg Stock Exchange and The Stock Exchange in London for the new Rand Selection ordinary shares allotted to give effect to the Scheme will commence; will be the 27th OCTOBER 1975.

S.A. Townships shareholders will be informed of any change in any of those dates.

Cheques in payment of fractions will be posted to shareholders entitled thereto on 7th November 1975 and Rand Selection share certificates (where the S.A. Townships share certificates or other documents of title are surrendered before the operative date) will be posted on 14th November 1975.

Johannesburg

13th October 1975

Registered Office:

44 Main Street

Johannesburg 2001

(P.O. Box 61587 Marshalltown 2107)

London Office:

40 Holborn Viaduct

EC1P 1AJ

CENTRAL BANK OF IRAQ

البنك المركزي العراقي

Acting on behalf of

THE GOVERNMENT OF THE REPUBLIC OF IRAQ

الحكومة العراقية

US \$ 500,000,000

٥٠٠٠٠٠٠٠٠ دولار أمريكي

UNION DE BANQUES ARABES ET FRANCAISES-U.B.A.F.

اتحاد المصارف العربية الفرنسية - يوباف

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سوسيتيه جنرال دي بنك ش.م.

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Banque Intercontinentale Arabe

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International Commercial Bank Limited

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نيدرلندسك ميدينستاندبنك ن.ف.

Rabomerica International Bank N.V.

رابوميريكا انترناتيونال بنك ن.ف.

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سيكيورتي پاسيفيك ناسيونال بنك

7 out of 10 are ours.

Your wife may not even know our name. But it's a fair bet that every time she goes shopping, she comes home with one or more of our products.

Because Metal Box—Europe's largest manufacturer of containers—makes not only 70% of all the food and drink cans on the British market, but also bottles, boxes, cartons and containers, in metal, board, paper and plastic.

(As well as the machinery to make them all.)

We hope that doesn't give you the impression that we're one of those massive stodgy companies that are just riding along on the back of an early start in the market.

We've doubled our world sales to £455 million in the last five years, and today, about a third come from our overseas operations.

We've helped to develop and market some of the most

practical improvements in containers of recent years: a 2-piece can that contains at least 10% less metal than the conventional one; a "retortable" sachet in which food can be pre-cooked, and which doesn't require storage in a refrigerator; and (coming shortly) plastic bottles, as strong as glass, but lighter.

And we're looking at some of the most important problems of the future, too. For example, we've just helped to set up a company which aims to recycle used tin cans back into new cans.

We spend £3 million a year on research, advise some of the largest companies in the world on containers and packing technology—and are working on packs for products that haven't even been invented yet.

We have a head start on practically all of our competitors. And we mean to keep it.

M

B

Metal Box Limited

We're growing because we're needed.





The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

PROCESSING

Advance in patterned glass

DEVELOPED from the electro-float process used to make Spectrofloat solar control glass, Pilkington has introduced a new process called pulsed electro-float and achieved a breakthrough in the manufacture of patterned glass.

Called Chameleon because of its iridescent changing colours, the glass has patterns incorporated within it, leaving both faces completely smooth.

In the float process, glass flows from the furnace across the surface of a molten tin bath. A few millimetres above the top surface of the glass ribbon a layer of molten indium is held in place by a steel keeper bar. Ions

from the metal are reduced to coloured metallic particles by the hydrogen/nitrogen atmosphere of the bath, and incorporated within the glass in patterns induced by a pulsed DC current passing through the tin and the keeper bar. The pulses and electrode shape determine the pattern.

The glass is transparent rather than translucent; can be toughened; bent; silvered to make unusual mirrors; or ceramic painted for opaque colours.

Suggested applications include its use in doors, side panels, internal partitions, interior decor and exterior cladding. It can also be used in patio doors, cupboard

and cabinet doors, for table tops and shelving, and for splash-backs and cooker doors.

Three patterns are available, all in 6 mm thick glass. Maximum size is 4,980 x 2,520 mm, and the retail price is about £11 per sq metre.

Pilkington Brothers, Prescott Road, St. Helens, Merseyside, WA10 3TT (0744 28882) does not anticipate any production problems. The company says an electro-float glass production line can be changed to manufacture of the new glass in about half an hour simply by installing the indium and steel keeper bar. This is believed to be the first time that indium has been used to colour glass.

COMMUNICATION

Exchanges for small localities

A MOBILE unit, designed to provide telephone services to outlying spots or other areas not connected to the telephone network by cable, has been developed by Tadiran, 3 Derech Hashalom, Tel Aviv.

To be known as the Rural Telephone System or RTS, the unit enables up to 400 subscribers to dial in the normal way, but their calls are radioed by the RTS to a central switchboard. Once the community grows and is linked to the national network, the RTS can be relocated in another region. Alternatively, it can be enlarged as it is based on a modular system. It is described as both economical price-wise and as not requiring continuous servicing.

PRODUCTS

Compressor for small industries

COMP-AIR Industrial has designed a new stationary reciprocating compressor for the smaller industrial user and the garage trade.

Easy maintenance, low operating costs and high reliability characterise the new V85A-F3 compressor which is based on the V65 model. It displaces 88 cfm (40.33 litres/sec.) at a working pressure of 100-150 psi (7.0-10.5 kg./cm.) and is an air-cooled vertical two-stage machine with built-in inter-stage cooling between low and high pressure cylinders.

Two versions of the V85A-F3 compressor are available: the V85A compressor/motor package, free standing on three rubber mountings or the EV85A, a receiver mounted package. Drive is from a new three-phase 12 kW electric motor, flange-coupled direct to the compressor.

Comp-Air Industrial is a member company of Comp-Air, the largest manufacturer of compressed air equipment in the EEC. It operates from POB 7, Broomwade Works, High Wycombe, (0494) 21161.



This section of a 40 by 70 feet metering station made by the George Kent Group is undergoing final testing before installation at the Phillips Petroleum Teesside terminal where crude oil from the North Sea will be loaded into tankers. Two such stations worth a total of £3m. are being supplied to main contractor Simon Carves, and Kent Automation Systems of Hitchin is engineering the computer control based on its well-established K70 system. An important feature is the conversational mode

facility which enables the operator to obtain information or issue instructions independently of the normal plant sequencing operation, via a keyboard send-receive terminal. The computer control, based on a PDP 8K mini, will supervise the loading operation at the touch of a button; flows will be measured to an accuracy of 0.15 per cent. by turbine meters. Current work at Kent's Hitchin factory includes systems for control of steel-making in Mexico, of a chemical plant in Germany, and on-going work for BSC at Redcar.

CONSTRUCTION

Know-how on cement for overseas

BLUE CIRCLE group—Britain's largest cement maker—is to develop its consultancy services division and to extend its worldwide operations; the group has decided.

Originally, the division was run by the parent company of the group, the Associated Portland Cement Manufacturers, from its London offices.

The division is now being developed to operate in conjunction with Blue Circle's associates throughout the world. The aims behind this development are twofold: first to set up consultancy services that have a strong regional affiliation and, second, to ensure that clients, wherever they are, have access to all the skills and knowledge of one of the biggest cement manufacturers in the world.

SAFETY

Door-set can stand up to fire

PATENT cover is being sought by Shapland and Pether, of Barnstaple, following successful tests on Britain's first one-and-a-half hour fire-resisting timber door-set. The company already

markets a range of half hour and one hour fire-resisting assemblies.

This development, the company considers, will free architects from many of the design limitations which they have previously faced, when selecting doors with such a degree of fire-resistance, particularly as until

now, the only doorsets capable of providing fire-resisting performance in excess of one hour have been of steel construction.

Basically of timber construction, the door-set is

Industrial flooring system

KNOWN AS Wearprufe, an industrial flooring system based on a co-polymer emulsion as a binder for the graded aggregate which are laid into a newly developed epoxy resin bonding agent, has been introduced by Shell Composites, Slough, SL1 4DL (Slough 21261).

It is recommended for use where the full properties of a allied epoxy flooring are not required, where there are oil and grease spillages, or where high point loads and aggressive trucking would normally damage conventional floor finishes, says the maker.

The system is supplied in units to cover about 10 square metres at 12 mm thick, and the company claims an economic advantage is the increase in average areas laid per day, thus stabilising laid costs.

COMPUTERS

Micros are beginning to move

ACTIVITY ON the microputer front continues to be fast and furious, and GEC have defined their positions—four forces with established computer makers: Not Semiconductor and respectively — and AEG-funkun has followed suit. Rockwell International.

Rockwell International, a subsidiary of AEG-Telefunken AG, have signed a comprehensive two-way licensing agreement enabling both companies to exchange production technical know-how on microprocessor products.

The agreement broadens microprocessor product lines for both companies and, by setting each as a competitive market place which is expected to total as much as \$245m. by 1980.

AEG-Telefunken produce eight-bit system designed 3-F, while Rockwell has a four-bit and eight-bit system identified as PPS-4 and P1.

The agreement is similar to one announced in September 1974 by Rockwell and Intel Semiconductor Corporation, which does not involve the products.

It covers all microprocessor products AEG-Telefunken and Rockwell have signed a comprehensive two-way licensing agreement enabling both companies to exchange production technical know-how on microprocessor products.

Meanwhile a new international microprocessor product line is being developed by evaluation systems. The important features of the module are programmable to suit the user's requirements. MEX (8820) provides four eight-bit ports and can be programmed so that any of the 32 lines can be either input or output or output latches respectively.

Basing its operations on Motorola's (6800) VG D modules of Wootton, Bedford is expanding activities systems development company the microprocessor field.

VG general-purpose processor system boards incorporate a microprocessor, 8K bytes of memory, two per interface adapters, and an asynchronous interface.

It constitutes an interface to a teletype for input and output, and the control program contained in its memory.

It will allow direct links of the vast majority of peripherals available with 12 lines, and can address 64,000 bytes of memory. CPU cycle time of one second. A typical add instruction is three microseconds.

Waste plant is compact

PORTABLE sewage purification plant, capable of producing 20 cu. metres daily of water suitable for agriculture, has been developed by Israel Desalination Engineering Company, Tel Aviv.

The unit will also permit the recovery of concentrations of algae from sewage oxidation pools to replace imported protein food supplements (for animal feeds) the system employs a new type of ultra-filtration membrane. At this stage, the device

handles partially treated sewage but the company's engineers are trying to adapt it to work on raw sewage. It is intended to build a plant with an output of 200 cu. metres once test runs of the current small pilot plant have been completed.

Connectors bonded in one move

A REFLOW soldering station, to attach edge connectors or tape cable to printed circuit boards,

TEXTILES

Static is caught in time

ALTHOUGH it was recognised long ago, it was only after the introduction of the synthetics that static electricity emerged as a major problem in the modern textile industry. This clearly was in part attributable to a matching growth in central heating which produced dry atmospheres in which static charges were easier to generate.

Control of static in textile mills is just as much of a problem as it is in the home. When the fibres come into contact with surfaces that rotate at high

speeds, as in say carding, the charges that can be generated are nothing short of astronomical. When this happens the manufacturer loses control of the process and his fibres simply will become unmanageable.

It is, therefore, essential in a modern plant to control the level of static generation. In the United States, Frontier Electronics (PO Box 625, Greenville, SC 29602, telephone (803) 248-4927) has developed what it calls the Frontier Ion Control System and which was evolved from work by the corporate research staff of Burlington Industries.

The equipment operates on a system of sensing the conditions at which it is known that excessive static charges will be generated.

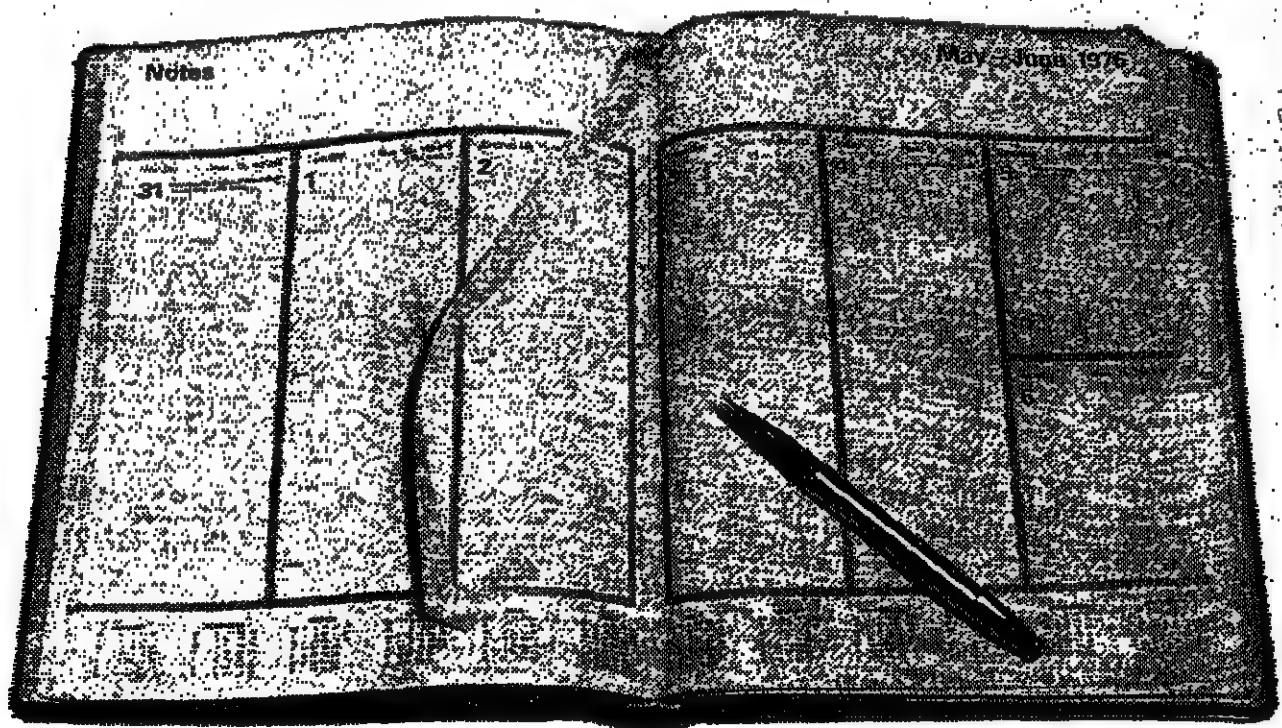
When these conditions are reached the sensor signals back

to a control unit which is linked to special grids in the air conditioning system. These grids are then charged and, depending on the conditions at the time, they can be set to produce either positive or negative ions which are then distributed into the mill atmosphere through the air conditioning system and so eliminate the risk of static being generated.

In other words the ionisation of the atmosphere changes nothing except that it provides a medium for dissipating the charges as quickly as they are generated.

The new concept is likely to be used mainly in carding, spinning and weaving plants, but clearly it can be used just as effectively in say texturing or knitting mills.

THE BUSINESSMAN'S MEMORY BANK



The Financial Times 1976 Management Desk Diary

not only enhances your desk; it is a valuable aid to efficient planning. A mine of business information, at your fingertips day by day, throughout the year; plus week-to-view diary spreads and generous space for notes. All designed to fulfil the daily planning needs for business men and women. Your Management Diary can be handsomely bound in rich elegant black calf leather or alternatively in blue leathercloth.

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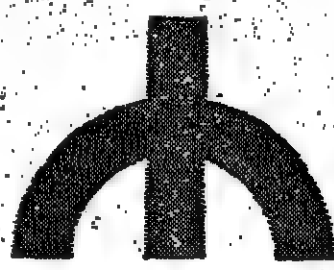
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Please send me free details of the Management Diaries and Order Form.

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Handwritten signature in Arabic script.



All of these securities having been sold, this announcement appears as a matter of record only.

New Issue / October, 1978

\$125,000,000

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IMPORTANT SALE BY AUCTION

LABOUR NEWS

British Leyland clears way for worker participation

OUR LABOUR CORRESPONDENT

BRITISH LEYLAND yesterday cleared the way for early introduction of its worker participation proposals when the final version of the proposals was ironed out at a meeting of the shop stewards and management. The meeting, which was held in a room at the Leyland plant in Luton, was attended by a 32-man committee of shop stewards representing 110,000 workers in the Leyland division. A brief statement declared that the meeting had been successful in reaching an agreement on the long series of proposals, both sides have agreed to give any details until they are reported back to their respective divisions. A meeting of shop stewards and management is being called next week.

last furnace row inquiry under way this week

Inquiry into the recent BSC management and shop stewards' pay dispute, brought the steel industry back to widespread discussion later this week. The three-man inquiry visits the scene of the dispute at the British Steel Corporation's works in South Wales. The inquiry is headed by Mr. Alex Nicol, vice-chairman of the Advisory Conciliation and Arbitration Service. Mr. Alex Nicol, vice-chairman of the Advisory Conciliation and Arbitration Service, is heading the inquiry. The inquiry is headed by Mr. Alex Nicol, vice-chairman of the Advisory Conciliation and Arbitration Service. The inquiry is headed by Mr. Alex Nicol, vice-chairman of the Advisory Conciliation and Arbitration Service.

Coventry protest at loss of communications jobs

TELECOMMUNICATIONS and manual workers at GEC's Stoke factory yesterday held a one-day token strike to protest against the loss of 500 jobs in the telecommunications industry. The strike was held in support of the 7,000 redundancies threatened by the major telecommunications firms. The strike was held in support of the 7,000 redundancies threatened by the major telecommunications firms. The strike was held in support of the 7,000 redundancies threatened by the major telecommunications firms.

Chapple wins damages

FRANK CHAPPLE, the anti-nuclear leader of the Electrical and Plumbing Trades Union, has won a substantial sum of damages in a High Court yesterday for libel against the Foot and Socialist Worker. The damages were awarded for libel against the Foot and Socialist Worker. The damages were awarded for libel against the Foot and Socialist Worker.

Meeting on race relations

OUR LABOUR EDITOR TUC is to meet a special union committee of the Minority Relations Committee next month to discuss ways of improving shop floor race relations. The meeting will be held in London. The meeting will be held in London. The meeting will be held in London.

£6 rise for lorry drivers

By Our Labour Correspondent

A £6 A WEEK pay deal covering several thousands of road haulage drivers on North Humberside is expected to set the pattern for the remainder of the 250,000 drivers in the industry. The deal was negotiated by the Transport and General Workers' Union, the staunchest supporter of the Government's anti-inflation pay policy but gave little or no guidance as to how the policy will affect the industry's complicated two-tier wage structure. A delegation of top Confederation of Shipbuilding and Engineering Workers, may decide to continue its opposition to the Government's pay policy even if, as seems likely, the majority of Confederation members agree to abide by it.

AMBULANCEMEN CLAIM FULL RISE

Representatives of ambulance men from all parts of Britain who belong to the General and Municipal Workers' Union yesterday supported a claim for the full £5 a week to be adopted for annual pay talks.

'Keep to pay policy' TUC tells engineers

BY ROY ROGERS, LABOUR CORRESPONDENT

TUC LEADERS yesterday stressed the need for the 3m engineering industry workers to abide by the Government's anti-inflation pay policy but gave little or no guidance as to how the policy will affect the industry's complicated two-tier wage structure. A delegation of top Confederation of Shipbuilding and Engineering Workers, may decide to continue its opposition to the Government's pay policy even if, as seems likely, the majority of Confederation members agree to abide by it.

But this was not given to the Confederation leaders who will have to work out just how the policy, outlined by Mr. Murray yesterday, will affect their industry.

The problem is that the industry's national agreement still has two stages to come — £4 a week next month and a further £2 a week in February. These increases, however, affect only those few engineering workers on the national minimum wage. For the vast majority in the industry, whose earnings are boosted by local negotiations, the national agreement means only marginal increases in overtime and holiday pay.

It seems reasonably clear that under the policy this year's

DOCKERS END SPAIN BOYCOTT

Dockers' shop stewards at Hull have called off their boycott of trade with Spain after failing to obtain support for their action from other dockers. They were also influenced by many dockers being out of work.

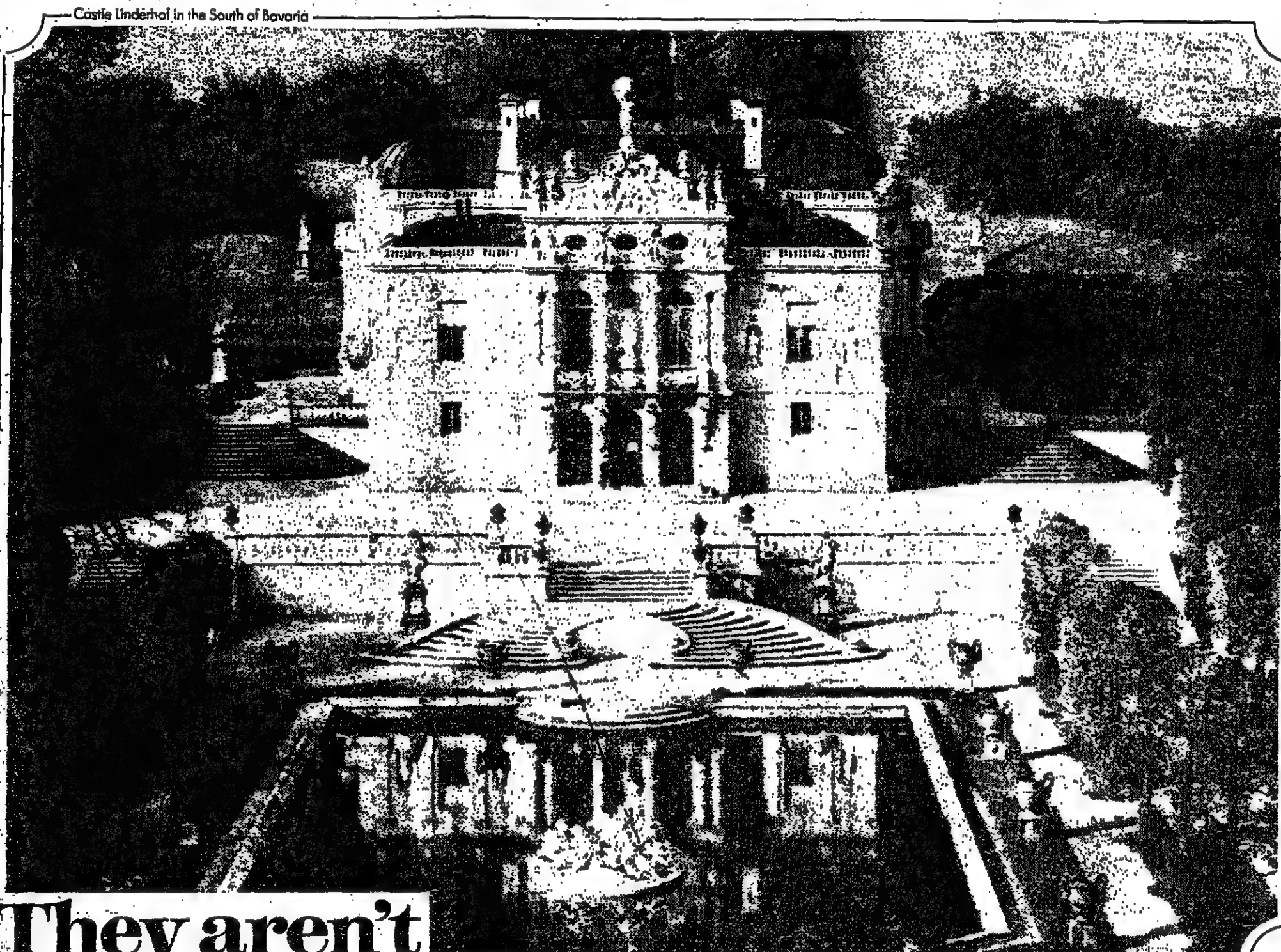


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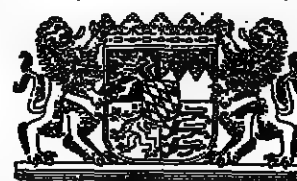
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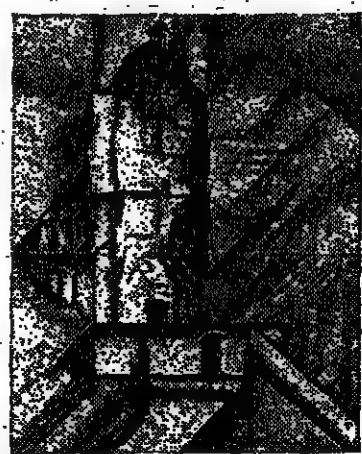


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TORIES WANT TO EXEMPT CHARITIES AND CHURCHES

Silkin hints at minor Land Bill concessions

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

Stonehouse given a cool reception

MR. JOHN STONEHOUSE received a somewhat chilly reception when he returned to the Commons yesterday—after an absence of 11 months. Socialists and Tories alike ignored him as he stood, looking pale and drawn, at the back of the chamber behind the Bar of the House.

Mr. Stonehouse slipped unobtrusively into the chamber at 3.35 p.m., in time to hear "points of order" at the end of question time. He stood impassively appearing not to notice as MPs pushed past him without a word as they left the chamber.

Mr. Stonehouse moved forward to the Bar of the House as Labour backbencher Mr. Max Madden (Sowerby) spoke of Press reports that the Walsall North MP wanted to make a statement to the Commons.

Mr. Madden said he hoped this would not be allowed in view of the controversy and the fact that "such a statement would not be universally welcomed."

Mr. Madden asked the Speaker (Mr. Selwyn Lloyd) to give the House an opportunity to vote on whether Mr. Stonehouse should be allowed to speak. But the Speaker stopped him and said "I really cannot allow this to go."

Mr. Stonehouse nodded as the Speaker said personal statements had to be approved by himself. As soon as the Speaker called the main business, Mr. Stonehouse turned and left.

THE DEVOLUTION White Paper will be debated before Christmas, followed by publication of the consequent Bill, Mr. Edward Short, Leader of the House, told the Commons yesterday.

His assurance followed a request from Opposition devolution spokesman, Mr. William Whitelaw, who demanded that the Commons should have an opportunity of considering the White Paper, to be published next month.

"Any other course which does not proceed on these lines, could be very counter-productive and could lead to grave difficulties for the Commons," Mr. Whitelaw warned.

Accounting proposals soon—Barnett

Financial Times Reporter

GOVERNMENT proposals for a form of current cost accounting for published company accounts will be announced shortly.

This was disclosed in the Commons yesterday by Mr. Joel Barnett, Chief Secretary to the Treasury, when he was asked what action was proposed on the recommendations of the Inflation Accounting Committee.

Mr. Barnett stated: "I hope that the Government will be able to make a statement early in the next session of Parliament on the main recommendations for a form of current cost accounting for published company accounts."

First-class letters down

Financial Times Reporter

DURING August, 1975, the number of first-class letters was 20.6 per cent, below the level in August last year but the number of second class letters was 6.6 per cent, higher according to Post Office figures quoted in the Commons yesterday by Mr. Gregor Mackenzie, Minister of State for Industry.

SOME FURTHER minor concessions for the development land of charities and churches under the State control provisions of the Community Land Bill were hinted at by planning Minister, Mr. John Silkin, in the Commons last night.

But Ministers resisted strong Opposition pressure for any major improvement on the concessions published last week in the form of Government amendments to the Bill.

Mr. Silkin maintained, in effect, that the Government had gone far enough towards meeting the representations made on behalf of charities and churches. But he acknowledged that some technical problems had still to be solved. Negotiations with the bodies concerned were still continuing on these outstanding points.

"And I hope to complete these discussions before the Bill is debated in the Lords, when final concessions to charities will be completed," the Minister added.

The Opposition, launching what threatened to be a marathon debate on the detailed report stage of the Bill, condemned the Government for creating a "nightmare."

From the Tory front bench, Mr. Hugh Rossi, rejected as entirely inadequate the Government proposals for creating objections to the treatment of charities, churches and pension funds.

Value

He pressed a new clause to exempt charities and churches from the intended State powers. The intention, said Mr. Rossi, was to give universal help to these organisations against some of the worst features of the legislation.

"Charities should be able to go about the development of their land without attracting the acquisitive duties of local authorities to take up that land the moment a charity seeks to carry out a development or even apply for planning permission."

Mr. Rossi pointed out that most churches today were faced with the problem of redundant churches in inner city areas. They needed to use the land on



MR. JOHN SILKIN
Some technical problems.

which those churches were sited for profitable development in order to build new churches in areas to which the population had shifted.

It was essential they should receive the full and proper value of their land, not merely the current use value which would be almost nothing for a redundant church. "The new clause seeks to see that they should get more than the current use value, but what the land is actually worth in the inner city."

Mr. Rossi complained that the amendment put forward by the Government for the relief of churches and charities would give exemptions only for a period of 10 years. This period was unrealistic in the present economic climate and would itself depress the value of land involved.

"If the value of their land is going to take a substantial nose-dive in 10 years' time, the borrowing they can achieve to-day on that land will be extremely limited," Mr. Rossi declared. He advanced a similar argument on behalf of pension funds which would be affected under the Bill.

He pointed out that pension funds bought investment lands

on the basis of looking ahead some 150 years in order to ensure the best return for its investment. But if a pension fund had to work within the context of the Bill it would lose severely, and would not be able to maintain its pensions.

Not a single concession was being given by the Government in this field, despite the real anxiety which had been expressed by the managers of pension funds up and down the country.

Mr. Silkin, replying to these criticisms, said that the main Government provision gave effect to the announcement on the committee stage that churches and other charities would be able to carry out development on land owned by them on White Paper day—September 12, 1974, without local authority intervention.

The other Government amendment dealt with the basis of compensation when churches and other charities would retain the right to receive market value for a 10-year period or current use value on the appointed day, whichever gave the longer period.

Benefits

There were three benefits which charities would now receive under the Bill. The first meant continuation of the charitable status of the land. It was held by a charity on White Paper day and later transferred to another charity without a break in ownership.

The second advantage was that benefit was conferred on other types of transactions, including the time which would count for establishing the material interest that the charity might have in the land.

The third benefit was the one announced two weeks ago concerning the proposed regulations which would lay down the developments which would be permanently excluded from the duties involved. One type was development, other than industrial development, where the total floor space created did not exceed 10,000 square feet.

This would exclude many modern churches and small halls used for social purposes.

amount when compared with the extra 0.2 per cent which has to be paid for the redundancy payment fund.

Because of the present difficult economic climate, it is not expected that the new system will come into force for at least a year and even then, it will have to depend on economic circumstances at the time. The new clauses implementing the fund are expected to be considered when the Lords temporarily returns to the committee stage of the Bill to-day.

John Elliott writes: The fund has been approved by the TUC and by the CBI whose members

prefer it to the original arrangement. But the CBI would have been more pleased if the Government had agreed to include some State contribution to the fund instead of leaving all the contributions to employers.

The earliest the fund will start paying out benefits is likely to be the spring of 1977, not only because of the country's economic problems, but also because State contributions to the fund are expected to be provided by a year's contributions.

At a year's prices the Government estimates that the fund would hand out some £14m. a year in benefits.

Tory hits at 'unpatriotic' council car buyers

A CONSERVATIVE MP yesterday described the behaviour of local authorities which bought foreign cars as "ludicrous and unpatriotic."

Mr. Edward Taylor (C., Cardiff) pressed the Government to say whether they would be free to impose import controls on foreign cars if they so wished, or whether they would have to seek EEC permission first.

Mr. Gerald Kaufman, Under-Secretary, Industry, said he hoped all local authorities would make sure that they bought British cars.

"It is not possible for the Government to compel local authorities to buy British, but I would expect the good sense would compel them to do so."

On import controls, Mr. Kauf-

Aircraft takeover 'next session'

FINANCIAL TIMES REPORTER

A FURTHER assurance that the Bill to nationalise the aircraft and shipbuilding industries will be in the forefront of the Government's legislative programme for the new session of Parliament opening next month was given in the Commons yesterday by Mr. Gerald Kaufman, Under-Secretary for Industry.

He underlined the urgency which the Government attaches to the early passage of the Bill when asked by Mr. Norman Atkinson (Lab., Tottenham) to confirm that the Bill would be published some time in December.

Mr. Kaufman answered: "December is a good deal later than we intend. We intend to publish the Bill very soon indeed, with the intention of getting the industries into public ownership as quickly as possible."

Mr. Robert Adley (C., Christchurch and Lynton) maintained that a referendum among those who actually worked in the aircraft industry would show that they did not want this "irrelevant measure" which would do nothing to solve the economic crisis created by the Government.

Apparent

There were jeers from the Government benches when he lamented the fact that the emergence of Mr. Eric Varley as Secretary of State for Industry in place of Mr. Anthony Wedgwood Benn had not led to the end of "this Benefactery."

Mr. Kaufman retorted that Mr. Varley was pursuing identical policies to those of his predecessor—policies which had been endorsed by the British people at the last two general elections.

During exchanges on the shipbuilding industry Mr. Michael Heseltine, "shadow" Industry Minister, asserted that the long pending nationalisation Wedgwood had not led to the end of "this Benefactery."

Mr. Kaufman said that the Government's legislative proposals

Parliament study confirmed

A SELECT committee will examine the working of Parliament in the new session, Mr. Edward Short, Leader of the House, confirmed in the Commons.

He was replying to Mr. John Tomlinson (Lab., Meriden) who said MPs were now waiting for action on the promised radical look at the way the Commons was doing its business.

Mr. John Peyton, "shadow" Leader of the House, called for an examination of the whole working of Government which he blamed for the difficulties now being experienced in the House.

Mr. Peyton said that the organisation of Government had not been looked at for far too long and Parliament was too often made the scapegoat for the Government's ineptitude.

Mr. Short replied that he was not entirely satisfied with the working of the House. "I think there is a case for a radical review of the way in which we do our work," he added.

Welsh home loans boost

THE Building Societies' Association has agreed to make an extra £5m. available to home loan borrowers in Wales, Welsh Under-Secretary, Mr. Alec Jones, told the Commons yesterday.

The money was intended to help fill the gap caused by the suspension of local authority lending in Wales.

Exceptions to the rule

BY QUENTIN GURDHAM

THE Community Land Bill, the third attempt by a Labour Government to take development land into public ownership, entered its final stages in the Commons yesterday with over 200 amendments to be considered before the Third Reading.

A final spate of amendments is in character with the Bill's progress. The "Committee" stage involved a series of 23-hour sessions which led Opposition members to table an early day motion in protest and to a compromise timetable. The summer inflation legislation meant changes in the Lords' timetable. Last week Conservatives were still asking for the Report stage to be put back to give them time to consider late changes in the Bill.

Also, the implications of the Land Bill lie largely in its regulations. There was no formal need for the Government to produce even last week's details of the most important exceptions, defined in regulations, to the scope of the land scheme. It has, however, said that these regulations will be subject to an affirmative measure in both Houses.

So while Mr. John Silkin, Minister for Planning and Local Government responsible for the Bill, can say that there has never been more consultation with interested parties, opponents equally claim that there is insufficient evidence of Government intentions in working the scheme with no evidence as to how the Secretary of State for Environment will use the wide powers he has under it.

Power to buy

So far, there have been few important concessions during the Bill's passage. Its dual aims remain to give Government, national and local, positive planning control in place of what was seen as a negative power to prevent some development but not to initiate other. And to give local (60 per cent) and national (40 per cent) Government the benefits of "planning gains" in the value of land.

What was not widely appreciated until recently was that the Government does not expect its scheme to be fully implemented for up to 10 years. But the process has already begun with the authorities responsible—deciding between themselves who will administer the scheme and drawing up land acquisition programmes.

Having decided on their land needs, the authorities will, next Spring, have the power, though not the duty, to buy land to carry out this development. They will buy this land at a market price, but not of the new Development Land Tax, levied at a flat rate of 80 per cent, which will rise eventually to 100 per cent.

At this stage, therefore, authorities will have complete control over where and how all major developments in their areas are carried out, though they will not yet have to find the money (which cannot be taken from rate income) to buy the land for it. They will, however, gain some financial benefit in a return of Development Land Tax revenue.

Open tender

The period during which this stage is likely to apply will vary from authority to authority, depending on their ability to handle the extra burden of seeking out and handling the development or leasing of development land. It will be left to the Secretary of State to decide when individual authorities have the ability to move on to a point when they are obliged to buy all development land.

order to avoid a situation where some land is purchased at market value and DLT levied and others where land only carries a "current use value"—free of any potential planning gain, completion of the scheme will have to wait until all authorities have reached this point.

At this stage, all authorities become the landlords for all major developments apart from owner-occupied houses. They will either develop the land themselves, or in partnership with a developer or institution, or lease it to the private sector at a market rent. The average gain to the authorities, over the country, is estimated at 400 per cent of the current use value.

The procedures for leasing to the private sector are not yet clear. But the Department favours an open tender system, with maximum accessibility to the local Press, to counter pos-

sible corruption. The length of leases may vary (as may the rent review periods) but are now likely to be longer than an original suggestion of 60 years.

The major exclusions from this process now come under two headings of "exempt development" and "excepted development."

The exempt category includes changes, mainly of a minor nature to residential property, contained at present under General Development Orders.

The excepted category includes land with planning permission on the Land White Paper Day last September 12, or development land owned by a builder then; all land for residential or commercial development of up to 10,000 square feet of floor space (in housing terms around an acre for ten to 12 houses); land for industrial developments up to 15,000 square feet; rebuilding and enlargements including a 10 per cent increase in floor space; all land for agricultural and forestry development (some of which will be fully "exempt"); land for mineral extraction; and most recreational development.

Exempt land will be permanently outside the land scheme. Excepted land will be outside the authorities' duty to purchase, but within their power. This power would, it is claimed, only be used "to facilitate development... where this could not be achieved by agreement by the private individuals or bodies concerned" for reasons of "positive planning"; and to prevent evasion by breaking down a large site into small lots.

Freedom

Two major concessions involve churches and charities, promised development freedom for at least 10 years, along with exemption from Development Land Tax, and (contained in the White Paper on the Land Tax) exemption for owner-occupiers selling up to an acre of their gardens.

The sum of the changes during the passage of the Land Bill (the White Paper had talked of exemption for only a quarter of all midway between the worst fears that local authorities would simply be swamped by having to process a mass of small development land deals, and the more realistic lobbies of housebuilders, institutional landowners and the many others who have protested at its implications. These, in the eyes of the centralisation of planning, go far beyond merely cutting out speculative gains from land deals.

That crockery order... Short promises a report

THE COMMONS is to receive a report from its Services Committee on the china crockery purchased from West Germany for its dining rooms, Mr. Edward Short, Leader of the House, told MPs yesterday.

Mr. John Peyton, "shadow" Leader of the House, called for an examination of the whole working of Government which he blamed for the difficulties now being experienced in the House.

Mr. Peyton said that the organisation of Government had not been looked at for far too long and Parliament was too often made the scapegoat for the Government's ineptitude.

Mr. Short replied that he was not entirely satisfied with the working of the House. "I think there is a case for a radical review of the way in which we do our work," he added.

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The money was intended to help fill the gap caused by the suspension of local authority lending in Wales.

ment, raised with management. In reply to Mr. Arthur Lewis (Lab., Newham N.W.), Mr. Dunn said that the Rosenthal china had cost £12,300.

Liberal leader, Mr. Jeremy Thorpe, asked why only two English firms had been asked to tender. "Were those responsible unaware of the existence of others?"

Mr. Dunn replied that the firms had not been asked to tender in that way. A cost analysis had been undertaken and on the basis of the assessment, Wedgwood would have cost £14,197 and Rosenthal £12,578. Taking into account the discounts on orders which were operating, the figures were £12,423 for Rosenthal and £12,201 for Wedgwood.

Hope for fewer Spain holidays

THE HOPE that fewer British many trade unionists who like people would choose to holiday in Spain "as a result of what in Spain" has happened in that unfortunate country over the last few days, was expressed by Mr. Clinton Davis, Under-Secretary for Trade, in reply to questions about plans for holidays in Europe as a result of the situation in Spain.

Mr. Norman Tebbit (C., Ching) result of what has happened in Spain, he pointed out that it was "a very important report" to the last few days.

Driving licence delay queried

THERE APPEARED to be "the most terrific procrastination" at that driving licences took the drivers and vehicles "between five and six working days," vehicle licences between one and two working days and yesterday. "My application vehicle road documents about the future organisation of the refreshment department, which was submitted in August, five or six working days, remains unattended to," he declared.

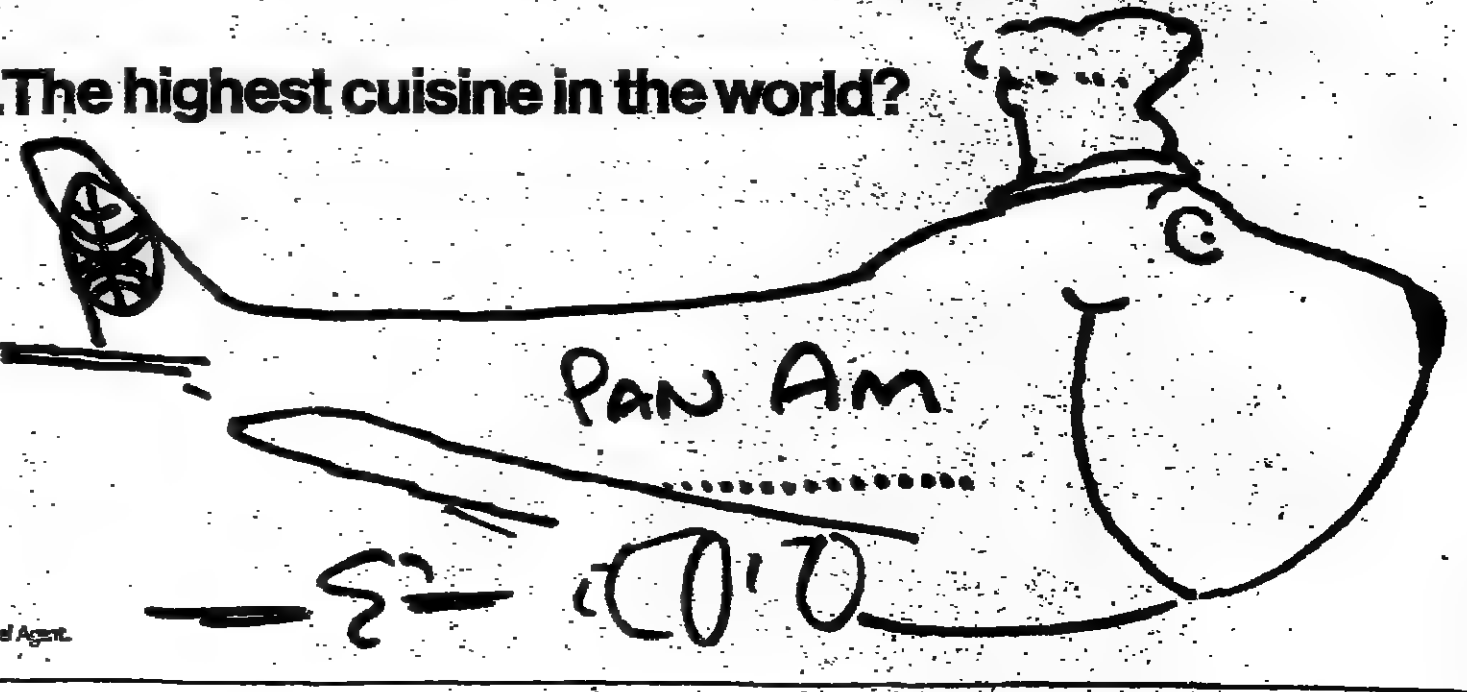
Government spokesman on the then 10 days to process.

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FINANCIAL TIMES SURVEY

Tuesday October 14 1975

The Diamond Jubilee Motor Show opens at Earls Court tomorrow and continues until October 25

The Motor Industry

This week marks a watershed in the development of the car industry. Against a background of increasing state intervention to shore up some of the major European companies, new model programmes have brought along a stream of tough competitors jostling for sales in a sharply-reduced market. Many of these manufacturers are moving towards a new concept of economy motoring allied with stronger safeguards for the customer.

Take a closer look at the VW Audi Fleet, it may prompt you to take a closer look at your own.

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Engine . . . 1100 cc (50 b.h.p.) front wheel drive, watercooled. 1600 cc (75 b.h.p.) front wheel drive, watercooled (LS only).

Range of Models . . . 3 models: N, L & LS, all in 3 and 5 door versions.

Warranty . . . 12 month unlimited mileage warranty.

Service . . . Major service every 10,000 miles. Oil change only at 5,000 miles. Computer diagnosis at all major dealerships.

Safety . . . Built with crumple zones front and back, a diagonally linked dual braking circuit and a stabilized steering system.

Luggage Capacity . . . 12.4 cu. ft. rear boot. 24.7 cu. ft. with rear seat down. Over 8 cwt. payload.

Economy . . . 2 star petrol—all models. 1100 cc—35* mpg—overall. 1600 cc—33* mpg—overall.

Special Features . . . Rear seats fold converting the Golf into an estate car. Wide opening rear tailgate. Large interior capacity. (* DIN 70030)

PASSAT

Engine . . . 1300 cc (60 b.h.p.) front wheel drive, watercooled. 1600 cc (75 b.h.p.) front wheel drive, watercooled (LS only).

Range of Models . . . 3 models: N, L & LS. 3 and 5 door versions or Estate.

Warranty . . . 12 month unlimited mileage warranty.

Service . . . Major service every 10,000 miles. Oil change only at 5,000 miles. Computer diagnosis at all major dealerships.

Safety . . . Built with crumple zones front and back, a diagonally linked dual braking circuit and a stabilized steering system.

Luggage Capacity . . . Saloons: 14.8 cu. ft. Rear seat down, 28.2 cu. ft. Payload: Over 8 cwt. Estate version: 24.7 cu. ft. Rear seat down, 51.6 cu. ft. Payload: 10 cwt.

Economy . . . 32.8* mpg overall on 2 star petrol.

Special Features . . . Rear seats fold down to double load area. Wide rear opening tailgate enabling even awkward loads to be carried. (* DIN 70030)

COMMERCIALS

Engine . . . 1600 cc (50 b.h.p.) rear wheel drive, aircooled. 2000 cc (70 b.h.p.) rear wheel drive, aircooled.

Range . . . 1.0 or 1.2 ton payload van. High roof van. Long wheelbase van. 12 seater bus. Microbuses. Pick-ups—Double cab, Wide bodied pick-up, Hydraulic Tipper.

Special conversions available—Milk Float, Insulated Van, Fire Appliance, etc.

Warranty . . . 12 month unlimited mileage warranty.

Service . . . Major service every 6,000 miles. Oil change only at 3,000 miles.

Safety . . . High level of in-built safety including safety steering column and energy absorbing chassis design.

Capacity . . . Vans up to 1.2 tons payload. Longest and highest load-space of major competitors. 177 cubic feet of usable loadspace.

Economy . . . Petrol consumption—1600 cc engine 24.8* mpg on 2 star petrol.

Special Features . . . Economy. Reliability. High standard of finish. Car-like cab comfort. Many extras as standard. Europe's largest-selling medium commercial. (* DIN 70030)

AUDI 100

Engine . . . 1800 cc (100 b.h.p.) LS model and 1900 cc (112 b.h.p.) GL & SE models. All front wheel drive and watercooled.

Range of Models . . . 3 versions: LS, GL & SE automatic. All 4 door.

Warranty . . . 12 month unlimited mileage warranty.

Service . . . Major service every 10,000 miles. Oil change only at 5,000 miles.

Safety . . . Built with crumple zones front and back, a diagonally linked dual braking circuit and a stabilized steering system.

Luggage Capacity . . . 23 cu. ft. Payload—over 9 cwt.

Economy . . . All Audi 100 Models: 31.7* mpg. SE model 27.9* mpg.

Special Features . . . 3 litre performance and comfort with 2 litre economy. (* DIN 70030)

AUDI 80

Engine . . . 1300 cc (60 b.h.p.) L model 1600 cc (75 b.h.p.) LS model and 1600 cc (85 b.h.p.) GL model. All front wheel drive, watercooled.

Range of Models . . . 3 models: L, LS & GL. All 4 door plus GL estate model available on a luxury package.

Warranty . . . 12 month unlimited mileage warranty.

Service . . . Major service every 10,000 miles. Oil change only at 5,000 miles.

Safety . . . Built with crumple zones front and back, a diagonally linked dual braking circuit and a stabilized steering system.

Luggage Capacity . . . Saloon versions 16 cu. ft. and 8 cwt. payload. GL Estate 26 cu. ft. Rear seat down 54 cu. ft. and 10 cwt. payload.

Economy . . . Audi 80 L & LS models, 32.8* mpg. GL 34* mpg.

Special Features . . . Superior performance and comfort linked with exceptional economy. (* DIN 70030)



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Policies for survival begin to pay off

AFTER 18 months of gloom for the car industry, the first pieces of cheerful news are beginning to filter through from West Germany and France. In a few factories, particularly in Germany, shifts which were removed during last year's slump are now being brought back, and, significantly, the Germans and French are buying many more big cars than they did last year. The days of bounding optimism, when the motor industry saw Europe advancing unchecked to U.S. levels of ownership, are gone for the foreseeable future. But for most of the countries of Europe, the worst could now be over.

This is not the case yet in the U.K. The consensus of opinion in the British industry is that if 1975 has been a bad year, 1976 will be even worse: the market for new cars is expected to slip from this year's level (now forecast at between 1.1m. and 1.2m. cars) to only just over 1m. with perhaps some recovery beginning in the last quarter of the year. In these circumstances the basic requirement of the hour is to develop policies for survival, and after the torrent of new models introduced earlier this year, car companies as a whole have turned their attention to their marketing departments. The result has been a continuous series of incentive plans spreading like wildfire from manufacturer to manufacturer.

Inducements

Although these schemes began with straightforward cash inducements to customers, the latest series of improved warranty plans have seen the industry beginning to come to terms with the problems of quality and service which have long been the main targets of the critics. So the rapidly rising sales of imports into the U.K., often, apparently, winning their market share because of their better reputation for sound construction, has paradoxically forced manufacturers during a period of decline to spend heavily on improvements in this area.

For motorists in general this can only be a good sign. Already the 12 months' unlimited mileage warranty provisions are spreading across Europe to an extent which is irreversible. Such provisions argue that manufacturers will be forced to build better quality into their products, and that dealers will have to back them up with more attention to the customer.

The problem with these schemes, and one which the customer often forgets, is their expense. Peugeot, for example, has only been able to develop a reputation for a premium product at a premium price, and British Leyland, aiming to do the same, admits that one cannot go without the other. For all car manufacturers, forced as they have been this year by material cost increases even greater than the general rise in inflation (hence the gradual move of prices ahead of their traditional relationship with wages), the penalty of more forceful marketing has been heavy. Chrysler U.K., for example, which declared a loss of almost £16m. for the first half year, has been forced to draw on financial help from its U.S. parent.

These financial strains clearly raise doubts about the continuing viability of some of the smaller European companies. Over the past 12 months the process of merger and takeover, which has gone on steadily since the 1950s, has shown few signs of slowing down. The same process occurred in America in the 1930s, but in Europe was obstructed by national identity, now, of course, being gradually removed under the umbrella of the EEC. As the barriers have crumbled down, the last year has seen the French Government intervene with a loan to help Peugeot take over Citroën, while Volvo has taken over DAF, the small Dutch concern, and the British Government has taken on responsibility for British Leyland.

State assistance for BL, calculated at well over £1bn. on constant value terms, raises a wider question about the ability of motor companies to survive in Europe on a purely commercial basis. Certainly the whole of the European industry now displays a very high degree of

Government intervention. In France, apart from the Government intervention at Citroën, Renault is State-owned; in Italy, Alfa Romeo is owned by IRI, the State-backed holding company; and in Germany some 40 per cent. of Volkswagen's shares are held either by the Government or the local state. For many years competitors of Renault have complained, rightly or not, that its prices are sometimes unfair, reflecting its financial links with the State. Already similar doubts are being expressed about BL, particularly in the wake of expensive sales promotion campaigns such as the recently concluded Superdeal. If these complaints are indeed justified, then the major problem, posed in the long-term, could be to the American-controlled motor companies.

Profits

These concerns, if looked at purely in terms of their productive capacity within individual national boundaries, are not large in comparison with the major European companies, and two of them, Vauxhall (the General Motors subsidiary), and Chrysler U.K., have for the last decade or so found it difficult to make consistent profits. Chrysler has for months now been the butt of speculation that it might be forced to withdraw from the U.K.

Ford, the other of the U.S.-controlled companies, has overcome this size problem by integrating its European operations in Germany and the U.K., soon to be followed by its new small car plant at Valencia in Spain. The philosophy behind such product integration is to cut design and development costs and to make parts which can be highly automated in selected points only; the economies are not so great, so it is possible to divide this between different plants, as Ford has done—the Escort, for instance, is made at both Saarlouis and Halewood.

What Ford can do could presumably be followed by both GM and Chrysler, although the basic GM philosophy has always been to give individual companies more autonomy than

Ford allows. To some degree, without any declared policy change, it is already apparent that the separate units of these companies are drawing closer. For example, the new Vauxhall Chevette employs many of the parts first designed for the Opel Kadett; and the new 1307/1308 Simca, which will be called the Chrysler Alpine in the U.K., was substantially designed in Britain. One long-term plan frequently suggested as under consideration by both Vauxhall and Chrysler, is for a concentration of their truck businesses in the U.K. and their car manufacturing in Europe.

Such a policy would at least produce companies closer to the size which appears to be necessary to compete in the market for mass-produced cars. Smaller companies can survive healthily, as Volvo, Saab, BMW and Mercedes have shown, but to do so they must ideally occupy unique niches in the market which allows them healthy margins. Some economists believe that even companies like these will be challenged in future, and that, as in America, there is scope for even greater parts

rationalisation covered over by elaborate cosmetic differences in the bodywork.

Joint projects, like the Douvain engine plant development by Renault, Peugeot and Volvo, may be one way round such problems. Renault is known to favour more experiments of the same kind (this one has already resulted in three very different cars), and a number of manufacturers have expressed an interest. Similar collaboration between manufacturers, on marketing projects or component buying, has also been suggested as a way which would enable companies to keep their identity yet achieve some of the benefits of scale.

Whether such schemes can be made to work in the cold reality of commercial life is another matter. But as Europe draws together and becomes a more homogeneous market, it seems doubtful that all of its small companies can survive, and that suggests either that they merge, or collaborate, or go out of business altogether.

Terry Dodsworth

Fewer new models

GIVEN THE many learned disquisitions from motor industry pundits over the last couple of years on how the oil crisis would change the emphasis of motoring and lead to the evolution of a different species of motor car, the new models introduced in the last year seem surprisingly like the crops of previous, more buoyant times. Indeed, if anything, the emphasis, within Europe at least, seems to have been upon medium and luxury saloons with relatively high petrol consumption—as witnessed by the new cars from British Leyland, Renault, Peugeot and Volvo.

Model policy—which determines the size and composition of a manufacturer's range and forms the basis of its marketing activities—has, not surprisingly, been thrown into confusion since the winter of 1973-74. There can be little doubt that swings in petrol prices, speed limit legislation and the altogether less encouraging economic prospects have brought about changes in consumers' preferences and have led to a thorough re-examination by the automobile industry of the types of cars produced. But although it has become "conventional wisdom" that there will now be greater emphasis on lower petrol consumption, more aerodynamic design and lightweight construction, the new models of the last twelve months have bowed to few, if any of these features.

This is due to two main factors: first, the long lead time in introducing a new model—which means that all 1974's new cars were conceived before the oil crisis; and second, that consumers' reactions to the changed conditions have not in all cases been as originally anticipated.

Thrust

Model policies are hatched against a background of two main parameters: anticipating what the public, or certain key sectors of the public, wants and is prepared to pay for; and outflanking the competition in particular areas of the market. That the two major U.K. motor companies can read the current situation in what seems a totally different way and produce almost diametrically opposed policies in the same circumstances is surprising to say the least, but that appears, at first sight, to be the case with British Leyland and Ford.

British Leyland's current thrust is almost entirely "up the market," introducing higher specification versions of existing models. In volume and profit, terms the most important example of this will be seen at the Motor Show with the unveiling of the facelifted Marina and Allegro, two of its top three selling models, which offer higher basic specifications than previously. British Leyland here points to the success of the importers—virtually all of whom offer a wide range of what are normally considered "extras" as standard fittings—as a vindication for its policy.

Ford's approach is quite different, with an emphasis on offering more basic models as part of a marketing programme which places heavy emphasis on value for money. This approach originally applied to the crash programme on the Popular version of the Escort, has now been extended in a modified form throughout the range. The argument against producing basic—although, Ford will emphasise, far from "stripped out"—versions, is that they may simply win sales from its other models. Ford, however, rejects this notion.

The company has traditionally had a much more "tidy" approach to new model policy than British Leyland, not surprising perhaps given BL's mixed parentage and its higgledy-piggledy growth, factors with which it is still trying to struggle.

Ford has relied for some time now on a basic four model

range, currently made up of the Escort, Cortina, Capri and Consul/Granada. This policy, it is felt, maximises penetration of the market without running into the problem of diminishing returns when one tries to satisfy too many specialist areas of demand. One positive example of the effect of the fuel crisis on Ford's approach has been the radical change in its attitude to small cars, which were previously—on the basis of the experience of British Leyland and Chrysler—considered to be far too unprofitable. Now, however, Ford is to manufacture its new three-door front-wheel drive small car, the "Bobcat," previously intended exclusively for the Spanish and Italian markets. In the U.K. Some are even to be exported to the U.S. from Western Europe. When the Bobcat is introduced into the U.K. the four model policy is to be maintained by switching all Granada production to Germany, although there is expected to be a net gain in U.K. employment from the move.

One of the cornerstones of Ford's strategy is the provision of a relatively wide range of model variations despite the fact that only four basic bodies and five engines are used. For example, the 1300 and the 1600 engines are seen in versions of the Escort, Cortina and Capri. Once the various levels of luxury specifications are taken into account—up to the top-of-the-range Ghia versions of the Escort, Capri and Granada—as well as the estate versions, then the number of different alternatives available is surprisingly large. There are, for example, no less than 15 different versions of the Escort.

It is misleading to suggest that the approaches of BL and Ford are completely different because it must be remembered that the car market is no homogeneous beast. Seemingly conflicting trends—such as the simultaneous movement "up the market" and "towards more basic" models offering greater value for money—can easily exist side by side due to varying individual priorities.

Although British Leyland, largely for historical reasons, seems to lack the consistent approach seen at Ford, model

policies are under constant review and the new unified car division is likely to lead to a more comprehensive overall policy. The revised Marina and Allegro are examples of marketing rather than new model levels—with two very different models in the pipeline.

The most significant model, as far as the U.K. is concerned is the replacement for the 1600/2000 series. This has now been renamed the "Princess," which means the disappearance of the Wolseley name. The new TR7 sports car has also been introduced in the United States, where it is primarily planned to challenge the popularity of the Datsun 280. The TR7 is due for the U.K. in the spring of next year.

Next spring will also see the launching of the new Rover model which will initially, with an engine of the same size, replace the Rover 3500 models and will later be provided with a two-litre engine, when it will replace the Rover 2200 and Triumph 2000 series.

At the top of the range, Jaguar recently introduced its new XJ-S sports coupé, which, at a basic £8,900, is the most expensive Jaguar ever produced. Once again this car is mainly aimed at the U.S. market where, it is hoped, it will provide a significant challenge to the top Italian specialist cars and the sports BMWs and Mercedes.

As for the other two major British manufacturers, Vauxhall and Chrysler, questions have for some time been asked about the future of their car production activities in the U.K., although their American parents have stringently denied that any pull-out was being considered.

Range

Vauxhall's range has been pepped-up this year by the introduction of a new small car, the Chevette, sales of which have gone well considering the overall state of the market and the intensity of foreign competition. But the rest of the range is showing signs of age and it has been strongly rumoured that another new car, code-named "Cavalier," will be shipped in from Opel, General

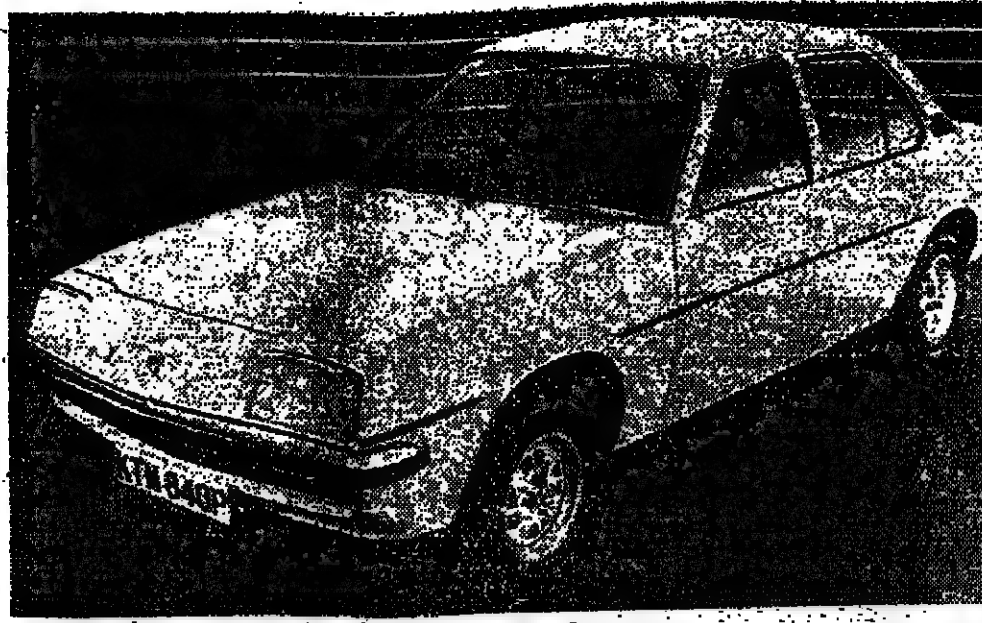
Motors' German subsidiary assembled in the U.K. car would fit into Vauxhall's range between the Chevette and the Victor VX 4/90 model. Chrysler is perhaps in the worst position of all—borne out by its recent models in the Hustler 2 Imp and with its more Avenger hit hard by the in fleet demand. It planned to import the 1976 Alpine saloon in U.K., after which the time for which the U.K. soldier on remains a question.

Among the European factories, the length of gestation periods are a resilient fact that sometimes look a little too long. Exemplified by the three range models produced by Volvo, Renault and Peugeot, which are based on litre engine jointly developed by the three companies. Volvo 264, the Renault 20 and the Peugeot 604, all introduced within the last year, looked a little out of tune with a cost-conscious market offering significant steps in design, performance and comfort.

The apparently continuous phenomenon of "up the market" demand increases shown once again by the takeover of DAF—is now out of the Dutch models will in future bear the badge, with all the extra holding their prices to ably in the process.

For the major motor companies as a whole the important implications of the oil crisis lie not so much in changed attitudes to the models but in the much reduced overall demand. Given that, the rate of introduction of new models as a whole is likely to slow for a number of years. Nevertheless models will continue to be developed and those that are kept up with the race inevitably find their shares suffering.

Peter F



Two recent Vauxhall models. Above the new Cavalier and below is the trend of the Chevette.

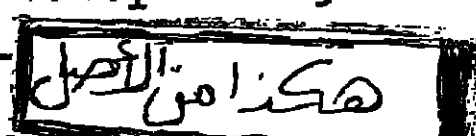


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The Ford Popular Y Model with the first ever Popular which was first produced in 1935.

List of main products

Aluminium extrusions
Aluminium ingots
Anti-lock braking
"Ferguson Formula"
Axle shafts
Axles, driving—cars,
light trucks, dumpers
Axles, steering/driving
Axles, hub/reducer
Ball pins
Bearing metal ingots
Bearings, ball, roller and
taper roller
Bearings, sintered metal,
oil retaining
Bearings, thin wall
(for engine crankshaft and
connecting rods)
Body panels
Bots, all international
standards
Bolts, self-locking
Bolts, standard and special
Bronze, chill cast stick
Bronze, continuous
cast bar
Bronze wrought alloys
Bumpers and over-riders
Bushes, non-ferrous
Bushes, oil-retaining
Bushes, dry
Cabs, trucks and tractors
Castings, malleable iron
Castings, light alloy
Chassis frames
Clutches, diaphragm
spring, "Belleville" disc
and coil spring
Component parts,
precision sintered
Control cables
Couplings, universal
("Hook's" type)
Couplings, constant
velocity
Couplings, plunging
Crankshaft forgings
Crankshafts, finish
machined
Diagnostic equipment,
engine and vehicle
performance
Differential units
Differentials, limited slip
("Power Lok")
Drive shafts (to road
wheels)
Electrical laminations
Extrusions, aluminium
Extrusions (cold extruded
in steel)
Extrusions, impact
Fabrications
Fasteners (all types)
Flexible Drives
Forgings—drop, press and
upset
Forgings, impact machined
Forgings, powder metal
Forgings, precision
Four wheel drive
"Ferguson Formula"
Garage equipment
Hinges, door
Hoses
Impact extrusions
Joints, constant velocity
Joints, plunging
Joints, universal
("Hook's" type)
Lock nuts
Locks, door
Locks, fuel caps
Locks, ignition
Locks, steering
Maintenance workshop
equipment
Nuts, all international
standards
Nuts, standard
Nuts, special
Overdrive units
Overdrive units
"Range Change" (double
gear ratio range)
Plastic mouldings
(radiator grilles, body
interior units, etc.)
Plastic panels, glass fibre
reinforced
Powder metallurgy
Power take-off shafts
Power take-off shafts,
agricultural
Pressings, from small
cover plates to truck and
bus side frames
Propeller shafts
Push rods, engine
Range Change overdrive
Road wheels
Rocker arms, engine
(pressed steel)
Screws, all international
standards
Screws, machine, standard
Screws, machine, special
Screws, self-piercing and
tapping
Screws, self-tapping
Screws, wood
Sintered metal
components
Spring steel, strip and wire
Starter rings
Steel bars, black and
bright drawn
Steel bars, free cutting
Steel strip, hot and cold
rolled
Steel—special rolled
sections
Steel wire, cold forging
quality
Strainers, metal and nylon
Transmission components
Transmission system
"Ferguson Formula"
Washers, bearing thrust
Washers, standard
Washers, special
Wheels, road, light alloy
Wheels, road (for buses,
trucks, tractors, dumpers,
earth movers)
White metal ingots
Window catches
Wire
Woodscrews, slotted head
Woodscrews, recess head
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THE MOTOR INDUSTRY IV



The Volkswagen Golf LS.

Components' export contribution

ONE OF the quickest ways to fresh disasters for the ailing British motor car industry would be to limit imports to the suggestion being made by the Trades Union Congress and a number of other influential organisations. It is extremely tempting, of course, to try to protect the hard-hit car makers from fierce Continental and Japanese competition.

It could perhaps work for a time and U.K. producers would be given a freer run in their home market. But that is not how any self-respecting car maker wants to regain or increase his market share. He would much rather fight for it. Furthermore, this kind of argument about restricting the competition ignores the fact that most European cars incorporate a growing

amount of British-made components. The contribution to direct exports that the component industry is now making is very substantial. If curbs were to be put on foreign car makers it would, leaving aside the ethics and legality of such action, not only invite retaliation against British cars, but more important from the long-term point of view, retaliation against British-made components.

The case against the Japanese is different, for eventually they are going to have to open up their market in the same way as Europe has been opened to them. At the moment one of the most lucrative ways in which to increase manufacturing, which in one or two instances is yielding very worthwhile returns. For the future the potential for U.K. component suppliers to provide more of Japan's needs seems promising once the hard crust of resistance has been broken.

But leaving that aside for the moment and concentrating on Europe, it is not fully appreciated just how much the major motor manufacturers on the Continent have come to rely on British-made forgings, engine parts, brakes, clutches and trim. Or quite how big is the contribution made by the component industry to global exports. In 1973 direct exports of components and accessories at a fraction under £700m. were a healthy 23 per cent. higher than in the previous year. In 1974 they jumped another 20 per cent. to nearly £850m., and in the first seven months of this year were £869m. This was a massive 42 per cent. above what exports were in the first seven months of 1974, and considerably higher than could be accounted by inflation, costing alone.

Suppliers

The performance of these component suppliers making parts for other sectors of the automotive industry—like tractors, marine engines, dumpers and so forth—often the same manufacturers as those supplying the car industry—was no less noteworthy. There was a 17 per cent. improvement over 1973 in the 1974 exports of £278m., and the following year a 35 per cent. increase to £345m., followed in the first seven months of this year by a record 55 per cent. increase over the corresponding period of 1974 to almost £300m.

Over the period from 1972 the grand total of the automotive industry's exports has gone up from £1,318m. to £1,519m., of which was car components and accessories, to £1,519m., of which components accounted for £869m. This some 44 per cent. of current total exports is being contributed by the component makers. Adding in other motor

products, the percentage rises to more than 60 per cent. So while car imports may create a net deficit on that level and a balance of trade problem, exports of components turns the situation into a favourable U.K. balance.

Stringent

The scale of operations by some European car makers buying British may be gauged by looking at the activities of Volvo. It is one of the more modest producers in comparison with Volkswagen or Renault, yet it is nevertheless the biggest overseas customer the U.K. has for automotive products. Volvo is currently purchasing around £55m. worth of materials annually, compared with some £10m. a decade ago. With the increasing sophistication of the operation all anyone of the 220 suppliers has to do is to leave his shipment ready to be called for, and Volvo collects and ships them through its own cargo terminal at Immingham. This handles about 400 tons of materials a day which are transferred by drive-on ferries to the main factories at Gothenburg. In this way a Volvo contains 20-35 per cent. of British parts. The same is true to a lesser degree of some of the Volkswagen models. Over the past two or three years the German giant has been assiduously building up a wide range of U.K. suppliers, who incidentally have had to pass more stringent tests than most other vehicle makers insist on. At the moment this business is running at £7m. a year, but it is planned to double after the remaining EEC duties are eliminated.

In addition to exporting directly leading U.K. component makers like GKN, Lucas, Associated Engineering and Automotive Products have established manufacturing units in Germany, France, Spain, Belgium and other countries either as wholly owned subsidiaries or as joint ventures with established domestic companies. In the same or allied fields, a growing number of instances they are supplying significant percentages of the component uptake of piston rings, bearings, brakes, electrical and other parts to Fiat, Renault, VW and other leading car producers. Among the first to set up manufacturing organisations in other European countries were the tyre makers. Dunlop, for instance, first entered Germany before the turn of the century, and while this is the Diamond Jubilee of the Motor Show, Michelin has been in Great Britain for 70 years. Pirelli, too, has plants in the Midlands and elsewhere making a range of rubber products.

However, other component manufacturers in Europe have been slow to follow that example, with the result that the

British presence in Europe is substantially more in evidence than is the presence of Continental makers in the U.K. This is due to the fact that potent manufacture in Europe is more fragmented, and in France, for instance, a higher proportion of components to be made on an in-basis. While the U.K. has in the van of multi-national operation, very few Euro have ventured across the net to this country. One of the most notable exceptions is Alfred Teves, the Frankfurt-based maker of brake systems, which has a manufacturing subsidiary at Ebbw Vale employing about 100. It was set up to break into the market, but the timing, unfortunately, coincided too with the downturn in the motive industry economy wide. The result is that of floating calipers and master brakes are being sent to Frankfurt for income into finished units. Despite failure to realise ambition, experience is being gained. One doubts that over the run Alfred Teves will be long units to the U.K. Another German company, Metzeler, part of the group, has established in Peterborough. It has been front rank supplier to the industry (as well as a source of its products) Europe) of rubber to bonded components like mountings and suspensions, and also, to a lesser extent, of rubber moulded ducts. All told there are handful of overseas producers competing in the U.K. or on a market, but this too is likely to change as it becomes more integrated.

Aggressive

The dominant role the U.K. component makers play in Europe—and sometimes further afield—has quite as much from excellence as from aggressiveness. They have a number of "firsts" from brakes and alternators to tyres and flat ele harness that is so much to make up and install the conventional table harness. Long experience of judgment of the motor in without either grossly over-estimating it. The ponent makers took early to question themselves for worst effects of government go policies on the industry by expanding out. They have thus protected themselves from the harshness that have befallen the industry and are straining to take advantage new business.

Peter Carlw

Competition for sales abroad

IN ALL developed countries except America, exports have been the lifeblood of the car industry since the war. The series of rows which have erupted over exporting tactics recently—the U.K.'s attack on the Japanese for alleged dumping, the U.S. Government's action against a series of European manufacturers for the same reason, and Australia's quotas—show the strains that are now being imposed on the established trading pattern.

The disagreements between the major trading nations also raise important questions. Who, for instance, will be the big exporters and importers of the future? What prospect is there for the export of built-up cars, and where will "knock down" kits fit into the picture? And where will the U.S. now undergoing the biggest change in its motor industry structure since the mergers which built Detroit in the 1930s, emerge from all these developments?

There is little doubt that, barring the most devastating of world economic mishaps, car production will rise across the world over the next decade. This means that more and more countries will start developing their own vehicle industries. They want to do this either for prestige, or because of the general industrial spin-off generated by a car plant. This process is happening the whole world over: in Brazil it is well established, in Iran it is building up rapidly, in Saudi Arabia the plans are being formulated, and in South Korea the first car is due to roll out of the factory this year, only two years since the site was cleared.

So where does this leave the traditional exporter? Perhaps the simplest answer is that he will gradually change to exporting different things. The days have already gone when built-

up car exports totally dominated the world scene. In some markets (notably Brazil for European manufacturers, and Europe for the Americans), capital rather than cars has been exported for some time, along with the technical know-how to establish overseas bases. In other markets, exports are becoming increasingly a matter of sending abroad kits to be built up there; in others, it is the components industry proper, rather than the vehicle manufacturers, that is the major representative of the developed motor industry.

Regulations

Most vehicle manufacturers would prefer to continue sending the built-up product abroad. Profits are generally higher on such a basis (the producer gets a margin on 100 per cent. of the product, rather than on, say, 60 per cent.), while it gives more control over the quality of the final product and its marketing. But in countries where there is no long-established domestic production, and therefore no hope of reciprocal motor industry trading, Governments are gradually stepping up the pressure on importers to establish local bases. In several countries local regulations also rule out foreign ownership of the local company.

The impact of these moves is already making itself felt on the developed motor industries. For instance, the Japanese manufacturers, who in the past ten years have figured among the most vigorous exporters, and have shown a marked ability to overcome the obstacles of shipping vehicles, are now actively building up overseas manufacturing bases.

Nearer home, there is an even more pertinent example. Britain's traditional ties with the Commonwealth and areas of

British maritime influence, have over the year made the third world, rather than Europe, the natural exporting sphere for the motor industry. Yet this is the part of the world which is tightening up on direct exports, and the consequence has been the decline of the U.K. position, along with an accelerating switch to "knocked down" (KD) production for overseas assembly. Ford U.K., for example, has gradually seen its exports of built-up vehicles cut back from 340,000 five years ago to 200,000 last year.

The danger of concentrating on KD production is that the overseas content will grow to such an extent that the supplier can eventually be abandoned altogether. Although technical and know-how contracts may be continued, they are unlikely to be an adequate substitute for the loss of employment and production volume in the supplier company. In the longer term, of course, the balance may be redressed as the client country builds up to a point where it wants to export on its own behalf, and therefore may well begin to allow built-up products in. But clearly, approaching such export markets demands delicate management.

The rewards of exporting to a developed market are much more clear cut. Except in times of acute economic difficulty and trading uncertainty—as at the moment—there are unlikely to be political difficulties over the level of trade. And although these markets tend to be more competitive, the manufacturer has more control over the sales methods used.

Hence the immense importance of the U.S. to European and Japanese manufacturers. Volkswagen was the first overseas company to display the vulnerability of the U.S. to a different kind of vehicle than those produced at home, and at

one time was selling more than 500,000 cars a year there. Since then, the Japanese have repeated the performance, and now there are plenty of manufacturers trying to open up a slot for their products in America.

The European specialist car producers are in a case in point: Volvo is already well established in the U.S.; BMW is expanding, Lancia is planning to build on the Fiat network, and British Leyland is aiming to sell a lot of its prestige vehicles—to say nothing of the clutch of European sports car companies who see the U.S. rather than home as their natural outlet.

Stubbornly

Whether the U.S. can live up to the hopes of all these salesmen is doubtful. At the same time, the product mix of the big U.S. manufacturers are themselves giving food for thought at present. Over the past 12 months, General Motors, for years stubbornly refusing to accommodate its home production lines to the smaller cars which Americans were buying from importers, has been converted: its first really European-sized family car—the Chevette—is now being introduced.

With Ford U.S. due to import its new European "mini" car—the Bobcat—and American Motors also attracting attention with its range of smaller vehicles, the challenge has been thrown down to the European and Japanese. At the same time it is notable that the U.S. itself has been gradually building up exports over the past few years.

Where that leaves Japan, the great exporting success story of the past decade, is an open question. So far very few companies have found it worth their while to attempt a build-up in Japan, and those that have claimed that it is one of the most difficult markets in the world to break into. Clearly, the Japanese manufacturers themselves are stern competition, and local conditions are possibly more daunting than in many areas. But equally clearly, few major manufacturers can afford to ignore such a potentially large car-buying public, and the Japanese themselves may be forced to become more accommodating to newcomers.

As for Europe, the Ryder Report which produced the basis for the new British Leyland, shows the immense importance which this large, increasingly homogeneous market now has: the plans for the new company envisage it raising market share in Europe from 2.5 per cent. to-day to 4.0 per cent. in 1982.

After the disappearance of tariffs in 1977, the EEC nations will inevitably grow even closer together in trading terms: already European cars are showing fewer and fewer local characteristics, and with this movement a trend towards rationalisation will probably accelerate. To win a significant percentage of this market, still with big growth potential, and one of the most wealthy in the world, will be a major objective for all the companies which want to survive.

Terry Dodsworth

Two mergers in Europe

WITHIN THE last 12 months there have been two more mergers within the European car industry. The first, between Peugeot and Citroën, was managed under the benevolent eye of the French Government (with some financial assistance), because of Citroën's clear inability to remain a viable competitive force. The second, between Volvo and Daimler-Benz, saw the Swedish company mop up what had become one of the anomalies of the European scene, a small concern surviving in a continent of growing giants.

As the European market becomes less oriented to national taste, a serious mark may be raised against even more of the surviving concerns. The barriers between the different national communities have already started and will accelerate in the enlarged Community. The Golf, for example, Volkswagen's new car, which has already proved such a success, was designed by an Italian (Giugiaro) from a concept (the five-door car utilising a tailgate) developed by the French. The new Ford Escort, while a far less ambitious vehicle, was designed jointly by U.K. and German teams, and employs the crisp lines which are now sweeping through the European styling studios.

Both these cars have been designed with a total European market in mind, unlike, for example, the Beetle (designed for Hitler as the People's Car in the 1930s), or the first Escort, which was conceived in Ford U.K. and later foisted upon Ford's German company as the

group pushed ahead with its European integration plans.

Given this growing trend in product planning, it is possible to envisage the European industry going through the same process of massive rationalisation as that which occurred in the U.S. in the 1930s, leaving only three big companies in its wake. The difference, however, is that developments in the EEC are bound to be coloured by the political situation. Each major country in the Community has emerged with a large motor industry under its wing, and each is highly sensitive to the employment implications of any change in its status. Again, because of the central influence of the motor industry, which flows from its systems of concentrated work patterns, strong unions and high wages, any Government must inevitably become involved in major mergers and takeovers.

Retraining

Already much of the European industry falls under the patronage of the State. Renault has been State-owned since the war, Alfa Romeo is run by IRI, the Italian State holding company, and 95 per cent. of BL is now being held by the Government. In France the Government loans backing the Peugeot-Citroën merger, as well as the truck merger between Saviem and Berliet, has brought the hand of the Government into almost every aspect of the motor industry. In Germany, some 40 per cent. of Volkswagen's shares are in the hands of the Government or the local Ford's German company as the

and its recent redundancy plan has been blessed with Government retraining assistance; and in the U.K. the Government still has long-term loan stock outstanding in Chrysler (once partly owned by the Government-sponsored IRC), while the company is considering another application for Government funds.

What this Government involvement means is that each country might be expected to retain at least one major company within its boundaries, rather than allowing manufacturing to centralise in one area, only as in Detroit in the U.S. All the same the logic of the situation is towards fewer companies and fewer completely different models: variety may be supplied either by imports, or by more cosmetic differences

on what are basically the same cars as in the American tradition. And a reduction in the number of models implies along with it a reduction in the number of companies.

Perhaps the biggest question mark hangs over the future of the American groups in Europe. Alongside VW, Renault and Fiat, each with production capacities in the region of between 1.5m. and 2m., both General Motors and Chrysler are relatively medium size producers. Taking Opel and Vauxhall together, General Motors has a capacity of some 1m. split between Germany and the U.K.; Chrysler (France, Simca) and Chrysler U.K. (Hillman, etc.) has a total of about 880,000. This compares components are made in a total of about 1.2m. split

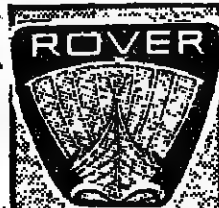
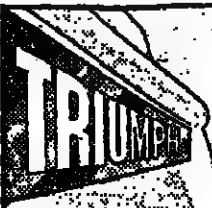
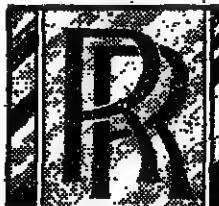
between Ford U.K. and Germany, in a company which is far more integrated in its production and marketing. The House of Commons

committee which recently looked into the British motor industry calculated that, both Chrysler and Vauxhall were in what was called a "long-term loss position." Certainly they had a topsy-turvy profits record over the last 10 years, and the committee concluded that they were not large enough to take advantage of the economies of scale necessary for survival in a mass production industry. One way out of the dilemma is the Ford way, which has a total of grating to a point where components are made in a total of about 1.2m. split

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chain (though delivering too many disaffiliated and disgruntled dealers into the hands of competitors. This is a tall order, but the signs are that BL will proceed cautiously, trying to get the maximum amount of agreement from dealers before implementing change. As for improving volume, it has already shown this year that with heavy incentives, such as the Superdeal campaign, BL can pull in the custom: what it needs now is a steady commitment to raising product quality and an uninterrupted flow of supply to the dealer network.

the U.K. and then has held back under criticism of "disorderly" marketing. But despite this overall control, the marketing operation has been basically directed by the franchise holders, contrary to the Japanese methods in the U.S., where the distributors are wholly owned, like most of the immensely successful motor cycle networks.

There has been some debate among motor manufacturers of which is the best kind of organization for selling overseas. But at a certain point the debate becomes academic. When an overseas business becomes of central importance to the producer, as Volkswagen's is the

part of the marketing lies in the distribution. Without a sound network of dealers, the best advertisement in the world is wasted. The dealer is the man who sells to the customer, persuades him to buy and motivates him to buy more. Therefore, it is of crucial importance to the manufacturer.

started such a policy in the mid-1960s, and BL followed after their merger which created it in the early late 1960s. Both rationalisations were felt to be necessary in order to get throughput and market share up, though in fact neither improved to an outstanding extent. And ironically these moves towards improving efficiency provided the perfect opportunity for the new importers to the U.K. to get a foothold. In particular, it allowed the Japanese to get established.

Deliveries

The rapid rise of Datsun among the league of importers to the U.K. has shown just how effective such a steady, virtually guaranteed supply of vehicles can be in the market place. Whereas in the early 1970s, BL was often being forced to impose long delays on deliveries, Datsun customers could be assured of delivery within a few days; and as the market boomed this was a major factor in the switch away from British cars.

U.S., for example — it can scarcely afford to leave it in the hands of a local franchise holder. The manufacturer needs to have control to protect himself against sudden policy changes.

Mergers

CONTINUED FROM PREVIOUS PAGE

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facturing.

Hence they have
distribution systems
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retailers buying from the
retailer to the public, or
retailers who buy from
manufacturers and then sell
to the dealer, who, in turn,
sells to the consumer.

In parts of the SEC,
they even small petrol

BL is still left with a difficult problem which the new management will have to tackle within the next few months. The difficulty derives from the group's origins as a number of different manufacturers, each with its own selling arm: to-day, a number of these live on, with a consequence that there are different dealer networks for Austin/Morris, Rover/Triumph and Jaguar, while the separate marque name for Wolseley has quite recently survived. Dealers for the different marques exist side by side, with their areas of influence sometimes overlapping. Somehow this jumble of names, identities and functions must be rationalised.

But Datsun, under the direction of Mr. Octav Botnar, has also been a tireless marketing innovator. The company initiated cheap HP rates for its customers in the U.K., and assured them of competitive insurance rates, both ideas which were only tardily copied by competitors.

Within the rest of the EEC, BL is faced with a similar question. Since its formation in 1968, the Corporation has gradually been converting to a system of wholly-owned distributors, Germany now being the

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The challenge BL now faces is to improve morale among its dealers while increasing throughput. At the same time, it has to push through another rationalisation of the dealer

ted from Japan—Toyota, known as the more cautious company in Japan, has proceeded by steadily building-up year after year, while Datsun went all out for sales in its early spell in

Ryder Report, it will need to be sure that the money and effort it is putting into achieving that target is well directed.

Terry Dodsworth

around on a reciprocating basis. If the models made in different centres are also the same, then some vital dies can be simply duplicated at different plants. In economic and social terms there may even be advantages in such a system. An assembly plant reaches maximum efficiency on the basis of current technology at a production level of about 308,000 vehicles a year (Halewood, Liverpool, for example, is now producing at the rate of about 200,000 a year). So given the social pressures which build up in huge plants, it is as well to have them separated as linked together on one huge site.

The most successful European manufacturers of the last decade, however, have paradoxically been companies which have deliberately chosen to limit their size. These are the so-called specialist manufacturers; Volvo and Saab in Sweden, and Mercedes and BMW in Germany. Each has developed a policy of pursuing particular niches in the market. BMW with its image of aggressive motoring, Mercedes with its reputation for quality and precision engineering, and

year, and BMW 200,000), and both have developed highly sophisticated methods of juggling a number of body shells, engines and components to give a variety of packages to the consumer.

Volvo and Saab have adopted a rather different approach. In essence they have taken the view that the basic quality of their cars lies in the final assembly. Hence all the assembly work is done in-house. But many of the components—engines, gearboxes, transmissions and so on—are bought from outside suppliers. This is a technique which has been

This solved all three companies' need for a new V8 2.7-litre engine, and each has now built a car around the new engine—each car, significantly, emerging very much in character with the individual style of the company which produced it. Fiat, in the past, had a similar connection with Citroën, since dissolved.

Apart from the U.S. controlled companies, there are a number of second-rank concerns which have all displayed patchy financial record over the last few years. Prominent among them is British Leyland with a capacity of just over 1m cars, Citroen which is now subsidizing into the control of Peugeot, and Alfa Romeo. All three appear to have the future

Volvo with its emphasis on safety, if somewhat lumbering, family motoring.

These policies can be successful if pursued with a ruthless eye to engineering economy and market rationalisation. In fact, although neither Mercedes nor BMW are really large companies, they have become sizeable concerns (Mercedes has a capacity of about 350,000 cars a

used in the British car industry (though not allied with the same marketing strategy as the Scandinavians), and in U.K. truck production. When linked with a clearly identified product, such as the hyper-safe Volvo vehicles, it can be made to work profitably.

- An extension of this principle of buying components from other manufacturers is the joint

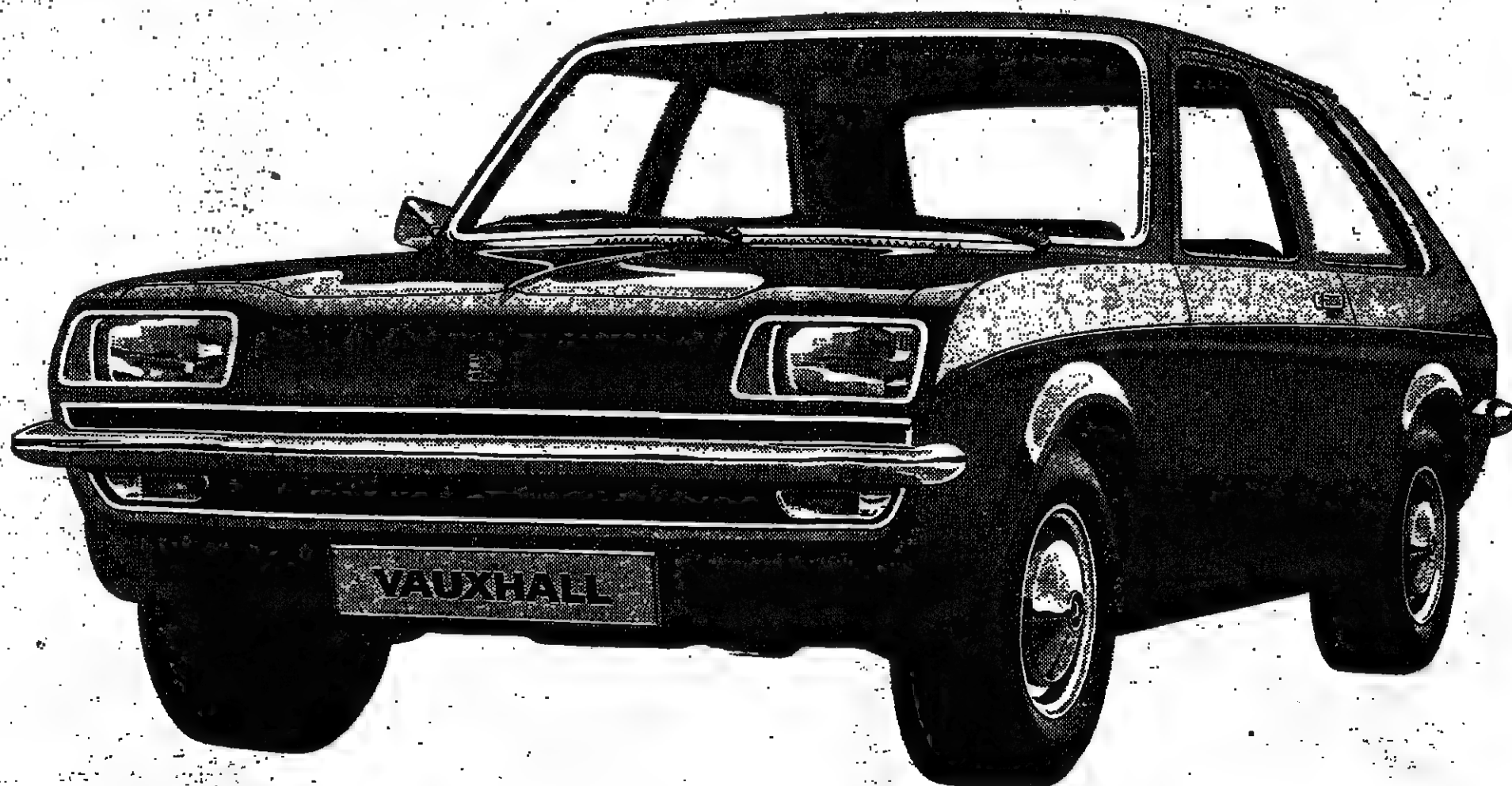
Clearly, these kinds of agreements demand tact and effort to succeed. But a number of manufacturers, Renault prominent among them, are keen to negotiate more of the same kind. It may be one way for the European industry to keep a larger number of manufacturing concerns than is strictly necessary.

Terry Dodsworth

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THE MOTOR INDUSTRY VI

Impact of the developing nations

WHEN DEVELOPING nations get beyond the cement works stage of industrial growth, almost the first thing they turn their attention to is the motor industry. Unlike that other general favourite—the wholly-owned international airline—the reasons are not simply related to prestige.

For a start, transportation in these countries is usually relatively crude. Because there are few railways, a trucking industry is a basic ingredient of industrial development, and since trucks are a costly import item, the advantages of making them locally are obvious. In addition, because of the bulk of a truck, many manufacturers prefer to export them in parts and build locally: from that, it is a small step to begin to make some of the parts themselves locally.

Secondly, the motor industry provides what is possibly the smoothest way into the development of an engineering industry. The client nation can start with simple assembly work from imported parts: from there it can begin to make some of the simpler pieces—say the body pressings. Then it can add on forging, machinery, and so on into engine assembly and finally the manufacturing of sophisticated parts.

This, for example, is very much the route being followed in Iran, where Chrysler has its enormous export order. Already Iran National, where the Hunter is assembled, is doing the body pressings for the local version of the car (the Paykan). Alongside these developments a number of component manufacturers, notably GKN, are putting down roots to produce locally. Within a decade or so Iran could be in a position to manufacture its own vehicles from scratch.

Whether it will ever make a truly Iranian vehicle is another matter, depending on politics as

much as anything else. In Japan, for example, the car industry was for a time closely linked with Austin of the U.K., but after the war it developed behind a closely protectionist shield, eschewing foreign equity capital. Hence Japan's vehicles to-day have a highly individualistic, underivative style.

Different

The same cannot be said, however, of Brazil, where major American and European manufacturers have been allowed to build up the industry on the basis of the cars they have designed and built for other markets. VW, for example, currently makes four times as many Beetles in Brazil as it does in Germany. General Motors, on the other hand, produces some special vehicles for Brazil alone, but these generally owe a great deal to other GM companies elsewhere. For example, the so-called "T" car in Brazil (which appears as the Chevette in Britain), while based on the concept developed by Opel, GM's German company, uses a U.S.-derived GM engine. Thus GM Brazil works within the group's general concept of developing world models, which then appear in slightly different form in different markets.

Over the last decade South America, and particularly Brazil, has been one of the favoured areas of expansion for the motor industry. Spain has been another, although the recent political troubles, may dampen enthusiasm for an area formerly as providing a reservoir of labour in a stable political climate.

Clearly Spain also has geographical advantages as a convenient supply base for the Mediterranean littoral, an area of growth for the motor industry as Arab oil wealth filters across North Africa. But the



The Hyundai.

European and U.S. companies are also looking further afield, to the Communist economies of Eastern Europe, and to the oil states which cluster around the Gulf.

In Eastern Europe a number of developments have already begun. Fiat, for example, has helped the Russians with the great Togliatti plant, and has provided it with one of its own designs—the 124, now discontinued. In Italy itself, the Italian company has also been active in Poland, where the Polish-Fiat 125, now on sale in the U.K., was produced from the old Fiat 126. Similarly Renault has developed a link with Romania, shipping out parts of the 25 for local assembly.

Whether these moves will ever lead to Western investment in these economies is another matter, although General Motors is believed to be interested in such a venture. What they do unquestionably

display, however, is a growing awareness of the motor industry in this part of the world, and a gradual relaxation of anti-consumer goods mentality which led to Stalin and Khrushchev to invest almost exclusively in public transport systems rather than the car. As this attitude develops, and motor production grows, the West could come under increasing pressure from exports from this part of the world: already the Lada, the

Polski-Fiat and the Czech-built Skoda are selling strongly in the U.K.

In the Far East, particularly in Indonesia, similar developments have begun, generally under Japanese tutelage. Japan remains an extraordinary island of technology and development unrivalled in its part of the world. But in the motor industry another star is rising in South Korea, where a motor industry is growing up over-

night under the direction of an Englishman, the former British Leyland executive, Mr. George Turnbull.

The Korean project is extraordinarily ambitious—to establish a mass-producing car line, from scratch, in roughly two years, and to take on truck production within another 12 months. But so far the plan is running to schedule: the first Hyundai car, designed by an Italian in a very European style,

is due off the line in December, and the trucks some time next year. In not many months the plant should be producing to a capacity of 100,000 vehicles a year.

The vigour and vitality of the infant economy which has made the Hyundai development possible has surprised the Western-trained executives who have helped set up the factories. But it is difficult to determine how much of a threat this new Far Eastern company might be to the Western European companies, which have faced stiff competition of late from the Japanese. For the first few years at any rate, it seems that Hyundai will aim in its exports (it intends to export right from the beginning) at the smaller markets of the Middle East rather than the larger markets which demand long supply lines and strong back-up services.

combine both a large power (over 30m.) with wealth far ahead of any of its neighbours in industrialisation. In the motor industry, by virtue of its first licence to produce local four-cylinder cars (two also licences for two-cylinder cars) occupies a position. Similarly, Renault, entrenched in the truck industry, where Mercedes is its main rival.

Elsewhere, in the Gulf, the Japanese have reared the most active competition of late from the Japanese. For the first few years at any rate, it seems that Hyundai will aim in its exports (it intends to export right from the beginning) at the smaller markets of the Middle East rather than the larger markets which demand long supply lines and strong back-up services.

General Motors has signed contracts to local manufacturing in Arabia and Iran, and in Egypt, another power with a promising economy after the opening of the Suez Canal. After the successful conclusion of the U.S. Government Middle East conflict, many companies with developing in Egypt are anxious to see some of the contracts in the Atlantic.

Terry Dod

Contract

The Middle East itself now constitutes another growth area for the motor industry, perhaps the one which is regarded as the most attractive of all just at the moment. Britain, by virtue of the Chrysler contract in Iran, where the U.K. company is sending some 120,000 "knocked down" kits this year, is perhaps the best-established of all the Western European nations: Iran is one of the few countries in the region which

Improving fuel economy



The Reliant Kitten.

IT IS SAFE to say that two years ago fuel economy came well down the list of the average motorist's priorities. How else could Ford, the company which grew to prominence as the manufacturer of the Popular, the working-man's car, have managed to uprate engine capacity and performance in its vehicles while still hanging on to the mass market? Nothing shows the shift to economy motoring more clearly than Ford's recent conversion back to the Popular ideal, a truly radical reversal of its marketing and engineering policies of the last decade.

But Ford, starting with its economy version in the Escort Popular, and now extending the principle to the Capri, is only one example of what has become a marked trend in the industry. High on the list of the qualities being hammered home about the new Volkswagen Golf—alongside the Escort one of Europe's most successful cars

this year—is its economy. The same is true of the Renault 5, the small Fiat range and the new Vauxhall Chevette, to say nothing of up-market models like the new British Leyland Princess.

In the U.S. even more dramatic improvements are possible by taking some of the unnecessary weight out of the characteristically large American vehicles. General Motors has set itself a target of a 40 per cent improvement in fuel usage over the next few years, which can be achieved as much by re-designing the body as the engine. But these are really only the first hurried reactions to the oil crisis; if there are longer-term improvements to be made, these will flow from the research into alternative fuels and designs in which almost every major manufacturer is now involved.

A great deal of scepticism still surrounds these developments: the diesel engine, it is

said, is too noisy, heavy and lazy for the motor car; electric vehicles are utterly inconvenient because of their poor performance, limited range, and the need for lengthy recharging periods; and the designers who are once again examining steam propulsion or units like the Stirling engine are clearly looking a good many years ahead before they can expect commercial exploitation of these devices.

Rivals

In the immediate future the diesel engine clearly has a head start on any of its rivals. Like the petrol engine, it has already had many years of development, and has also been fairly widely used in cars. Official bodies like the Department of Industry and the Central Policy Review Staff—the Think Tank—have also come out heavily in favour of the diesel as an overall energy saver, and the discriminating pricing structure in favour of diesel fuel is a clear indication that Whitehall would like to see more use being made of diesel cars.

This thinking has already had some impact. In Germany, home of the diesel engine, and where the diesel car has had a respectable history, Mercedes has considerably increased production this year, and sales of the Mercedes diesel introduced to the U.K. have gone well. But while no one has doubts about the utility of diesels in trucks and vans (its use in vans has accelerated sharply this year), the question now is whether more manufacturers will back it for the motor car. So far only three European manufacturers—Mercedes, Peugeot and Opel—make any number of diesels, although other companies, notably British Leyland, do fit diesels into some of their export vehicles.

Some engineers argue that there are inherent disadvantages to the diesel which will never make it an ideal replacement for the petrol engine. Although it is generally accepted that diesels are more economical in the half-throttle town driving which constitutes a lot of modern motoring, there is considerable argument over whether the diesel is inherently more efficient. For over the last few years, has had a given cubic capacity, diesel

engines have much less performance than petrol engines. Critics argue that comparisons should ideally be made on the basis of performance characteristics, and this would show smaller, and hence more economical, petrol engines doing the same job as larger diesels.

The other, more obvious, problems with the diesel are its weight and noise, both basically deriving from the much higher compression ratios at which the engine runs—in the region of 16-20:1 in diesels, as against 8-12:1 in petrol engines. While this gives the diesel engine a robustness which the average petrol engine does not have, it also causes a considerable price penalty, and if strength really becomes a selling point, then advocates of petrol engines argue that they could easily be made to last equally as long.

The future of the electric vehicle is equally, if not more, controversial. The argument in favour of electric propulsion is that it would reduce the use of fossil fuels, and that overall, electric motors would make more efficient use of energy sources. The difficulties, however, are obvious: conventional

batteries are exceedingly heavy and bulky; the performance of electric vehicles, with limited acceleration and with speeds of between 30 and 40 mph, is very limited; and compared with the petrol car, which can run for 200 miles on a single charge of petrol, and needs only five minutes to fill up again, the electric vehicle has a very limited range and extremely lengthy recharging periods.

Nevertheless, a number of developments are under way in Germany, France and particularly Japan to improve the performance of electric vehicles, and already several designs for short-haul delivery vans are well advanced: in the U.K. the Enfield van is being used experimentally by the Electricity Council and the Lucas van by the Post Office. Looking to the long-term—say a 20-year time span—electric vehicles will inevitably receive a great deal of attention combined with considerable Government support. One advantage of the electric vehicle is its environmental acceptability, an area which, over the last few years, has had just as much attention as

economy from the motor industry. One of the most significant developments to the combustion engine is the so-called stratified combustion chamber developed by the Japanese, Honda. The idea is to ignite a small strength mixture, a separate combustion chamber which is then led to a chamber which has weaker mixture. This mixture both reduces fuel and cuts down on the of unburnt gas.

The other alternative has come back into the external combustion engine, a device which incorporates a choice of fuel, and all much more efficient because of the constant of combustion. The engine, a device which air as the motive fuel, invented by Dr. Robert in the early 19th century, also came back into great deal of work is based on this engine by Phil Dutch, electrical comp

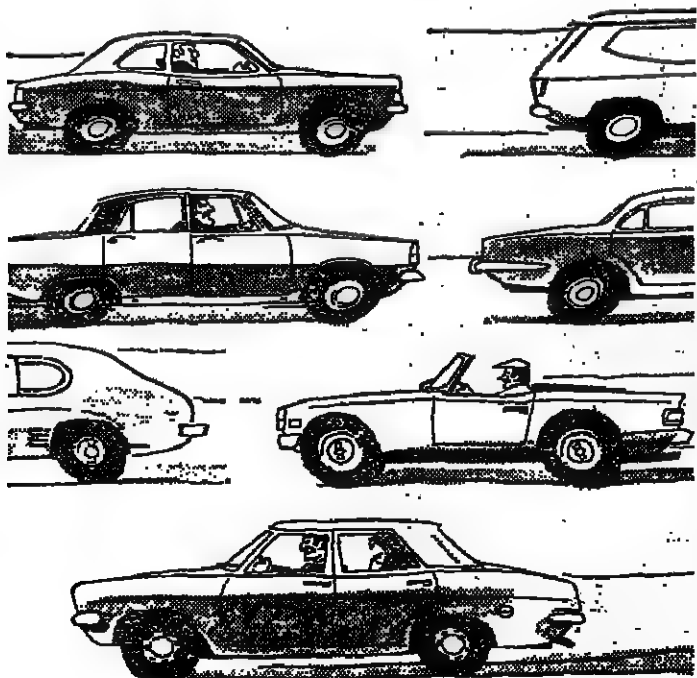
Favour

The twin problems of emission control and were behind the fall of the Wankel engine, the most interesting of all over the decade. Whether or not Wankel will make a comeback is open to question, although it seems to be in favour as a motor-cycle. Toyota Kogyo, the maker of Mazda cars, which heavily by the Wankel, has claimed considerable improvements, and resuming shipping vehicles to the U.S.

If the improvement genuine and lasting, revive interest from U.S. manufacturers, now notably cool toward from General Motors, the immediate future priorities in engine development will not be in the of greater power per towards which the Wankel leading. In the future the main development must improvements on emission fuel economy.

Terry Dod

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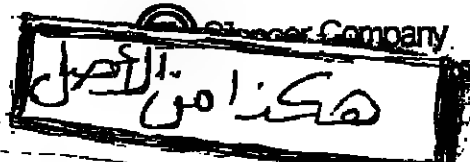
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Making the car safer

WHILE IT is true that nobody — be it Government, motor manufacturer or most of all, potential victim — can afford to show lack of concern with road safety, it is also the case that the oil crisis undoubtedly took some of the steam out of the impetus both towards safety legislation and towards spontaneous moves by manufacturers to evolve experimental safety vehicles as a basis for future production cars.

On the one hand, the soaring price of petrol and the resultant reduction in the volume of traffic served to reverse the previously seemingly relentless increase in the number of road deaths, which had always been the main ammunition of the road safety lobby. On the other it appeared to the manufacturers that in the wake of the acceleration of motoring costs, there would undoubtedly be customer resistance to paying large extra sums for safety features in their cars which were still in legal terms only optional.

Nevertheless, a good deal of the work which was carried out before 1974 has found its way into new cars over the last 18 months, to the permanent benefit of the public safety. Reinforced passenger compartments, "progressively deforming" bodies, inertia-reel belts and safety bumpers have become common features on this year's crop of cars, some of which, such as the Volvo 264,

bear a very marked resemblance to the experimental safety vehicles from which they were derived.

But the economic implications of the energy crisis and its impact on the manufacturers' major markets has inevitably highlighted once more the inescapable fact that marginal improvements in the interests of life preservation have to be bought at the expense of a degree of commercial viability. Whereas, in previous years, there has been a tendency for most major vehicle manufacturers to run ahead of legislation on safety, they are now tending once more to look at current and proposed laws as constraints within which they must work.

Legislation

As for safety legislation itself, it would be a mistake to think that the Government is doing nothing. This summer's spate of serious, and well publicised, coach accidents has prompted the new Minister of Transport, Dr. John Gilbert, to instigate an urgent inquiry into safety standards of buses and coaches. Although no date has been set for its results, the inquiry will undoubtedly look closely at maintenance provisions and standards of driver competence, while Government officials are also sure to

examine the merits of such technical possibilities as strengthening coach frames, providing roll-over bars and even having compulsory seat belts for passengers.

Meanwhile there has also been recent legislation enforcing the use of car lights in conditions of poor daytime visibility, and when British Summer Time ends it will also become compulsory to use dipped headlights, rather than sidelights, at night whether in a built-up area or not.

The contentious issue of the compulsory wearing of seat belts did not become law during the last parliamentary session because it could not be fitted into the calendar, but it is hoped that it will pass onto the statute books in the current session. In addition, although the new Department of Environment "type approval standards" — due to come into force on all cars and three-wheelers manufactured after October 1, 1976 and all cars licensed after April 1, 1977 — do not materially affect safety standards, they will make it more easy for the Government to control its construction and use regulations. Accident victims can be naturally divided into two categories, those inside the vehicle and those outside it. The main thrust of experimental vehicle research has been towards protecting the occupants

CONTINUED ON NEXT PAGE

EXPANDING YOUR DEALERSHIP

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Changing attitudes to sports cars

SPORTS CARS may be a little hard to define but, like the proverbial elephant, you certainly know one when you see one. They have traditionally been the ultimate in mechanical symbolism, embodying masculinity, freedom and sexiness; leaving rubber all over the road and cocking a snook at petrol consumption as their owners revel in their lack of comfort and the muscle power needed to control them. That, at least, was the traditional picture.

But things were changing for some years before the petrol crisis and ensuing legislation on speed limits made top speeds academic (at least theoretically), while the "save it" mentality cast a look of moral disapproval at displays of blistering acceleration.

Limited

It is probably true to say that the two-seater open sports car reached the limits of its potential some years ago; and the main thrust of development turned to sports coupés and to "sniping-up" of conventional saloon models. Perhaps the major factor in the new trend of sports car development was legislation in the major sports threatened to do away with the open-top car completely. This threat seems now to have

passed, mainly due to the fact that the major U.S. manufacturers pulled out of convertible production, but although drop-head sports cars continue there has been little development in the field for a number of years.

The U.S. forms by far the biggest market for the majority of sports car manufacturers in Britain, Japan and the rest of Europe. British Leyland, for example, will sell around 60,000 sports models in the U.S. this year and is looking for another powerful performance in 1978.

The U.K. manufacturers can be divided between British Leyland and the specialists. None of the other major British manufacturers has built a sports model for many years, although there have been a number of developments in the sports coupé fields with cars like the Vauxhall Firenza and Ford's Escort RS 1800. The reason is quite simply that the potential markets would not justify the capital expenditure involved.

As for the specialists, they have been going through a rough time, with Aston Martin having to be rescued by two North American businessmen and Jensen forced to call in the receiver. Others however, such as Bristol and Lotus seem to be soldiering on, with the latter even beginning to sound relatively optimistic about the future. At the less smooth and threat seems now to have

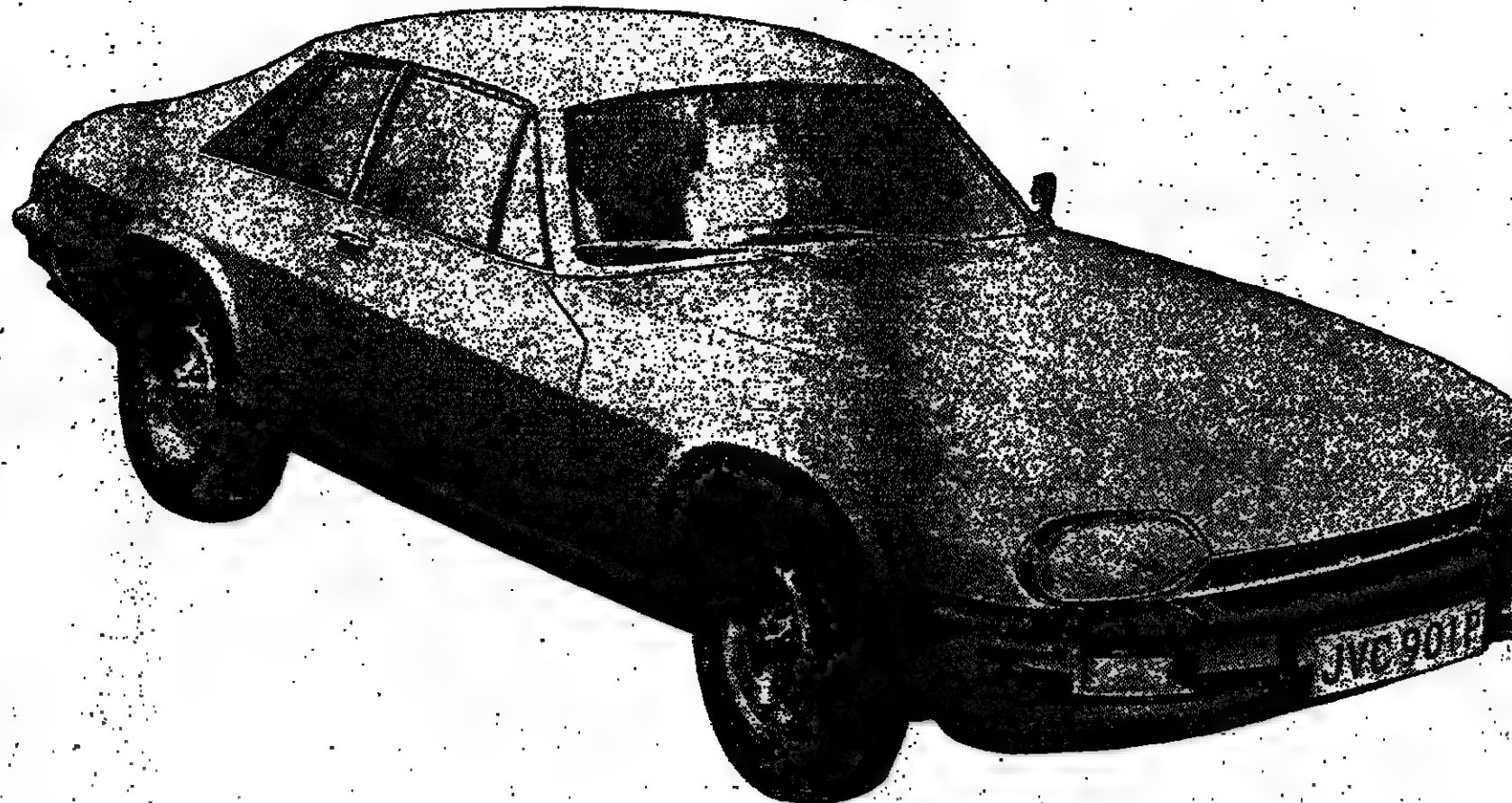
marques like Morgan and TVR also continue to survive.

The unveiling of British Leyland's 150 mph XJS may well have dealt a further serious blow to Aston Martin, Bristol and Jensen, should the latter in turn be rescued. This high specification luxury sports coupé, by virtue of using common components with the existing Jaguar range, can be sold several thousand pounds below its rivals and BL is also hoping that it will prove a headache for the Italian specialist manufacturers like Lamborghini, Ferrari and Maserati—none of which is without financial problems already—and for the sports models of Mercedes and BMW.

Variations

Beneath the XJS there are still five other British Leyland sports cars sold in this country: the Triumph Stag, GT and V8 forms—the MG Midget, the Triumph TR6 and the Spitfire. It is anticipated that the new TR7, which has already been introduced in the United States, will, in a variety of forms, take over from the others, although, as long as there remains a market in the U.S., Leyland will go on producing them. It is believed that the TR7 will be used as a base car for a number of new variations, including a spyder version and a fastback GT, and that it will also eventually be available with a V8 engine.

The reasons given by the Californian owner of Jensen, Mr. Kjell Qvale for calling the receiver recently sum up the difficulties of all the specialist sports car manufacturers in the U.K. The U.K.'s inflation rate, emission controls and the oil crisis, he points out, have combined to create a situation in which economic survival has



The Jaguar XJS.

become practically impossible. Mr. Qvale's claim that lack of co-operation from his workforce was also a factor seems a more controversial one, especially since they agreed to large manpower cuts in order to keep the operation going. As for Aston Martin, although it has been officially "rescued" whether and if so how soon it will run into the same sort of problems again remains an open question.

One manufacturer who, amid the gloom, seems to be putting more than a brave face on things is Lotus, whose leap up the market with its Elite, introduced just as the oil crisis broke, seems to have been a

success despite all the odds. Indeed, the company is to introduce both an automatic and a two plus two version of the Elite at the London Motor Show as well as the brand new Esprit mid-engined two-seater sports car, which combines 140 mph top speed with a touring fuel consumption of more than 25 mpg.

Lotus believes that a good deal of its success is attached to the fuel economy of its cars, and it is true that anyone driving 25,000 miles a year can save around £1,000 on fuel costs alone by driving an Elite rather than one of its big specialist sports car rivals, whether U.K.

or European produced. Lotus is now selling around 50 Elites in the U.K. and a slightly larger number in the U.S., and the company has an eye on potential sales to the Middle East.

Another manufacturer which has done very well out of the U.S. market is TVR, whose solid virtues fall into the great tradition of British sports cars, combining high performance with the requirement of a certain amount of muscularity to drive it while not overburdening its driver with too much luxury. The company recently had its largest ever order from the U.S., although that market, due to emission

controls, does not see the really hairy version of the car powered by the Ford V6 which is obtainable in this country.

There is no doubt that although there will remain a demand for the sports cars and their prevailing image, the process of alighting among the manufacturers will continue and it would not be surprising if several more famous British names bite the dust in the coming 12 months.

On the Continent the trend towards the sports coupé rather than the outright sports car can be clearly seen in the more recent models introduced by Fiat, Renault, Lancia and Alfa

Peter

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THERE HAS been a market for the so-called "specialist" car since the birth of the industry 80 years ago. Since the last war, however, and particularly since the launch of the Rover 2000 only 15 years ago, the market has been a success in the eyes of the specialist sports car manufacturers in the U.K. The U.K.'s inflation rate, emission controls and the oil crisis, he points out, have combined to create a situation in which economic survival has

become increasingly resistant to such vehicles. Another is price, since the birth of the industry 80 years ago. Since the last war, however, and particularly since the launch of the Rover 2000 only 15 years ago, the market has been a success in the eyes of the specialist sports car manufacturers in the U.K. The U.K.'s inflation rate, emission controls and the oil crisis, he points out, have combined to create a situation in which economic survival has

Prestige

The question now is how far these developments can be taken, particularly in the wake of the oil crisis. One problem is that prestige cars have tended to be thought of as larger vehicles—the upgrading of both the Rover and Triumph 2000 engines is a case in point, as is the Triumph's gradual elongation over its history—while the public is expected to

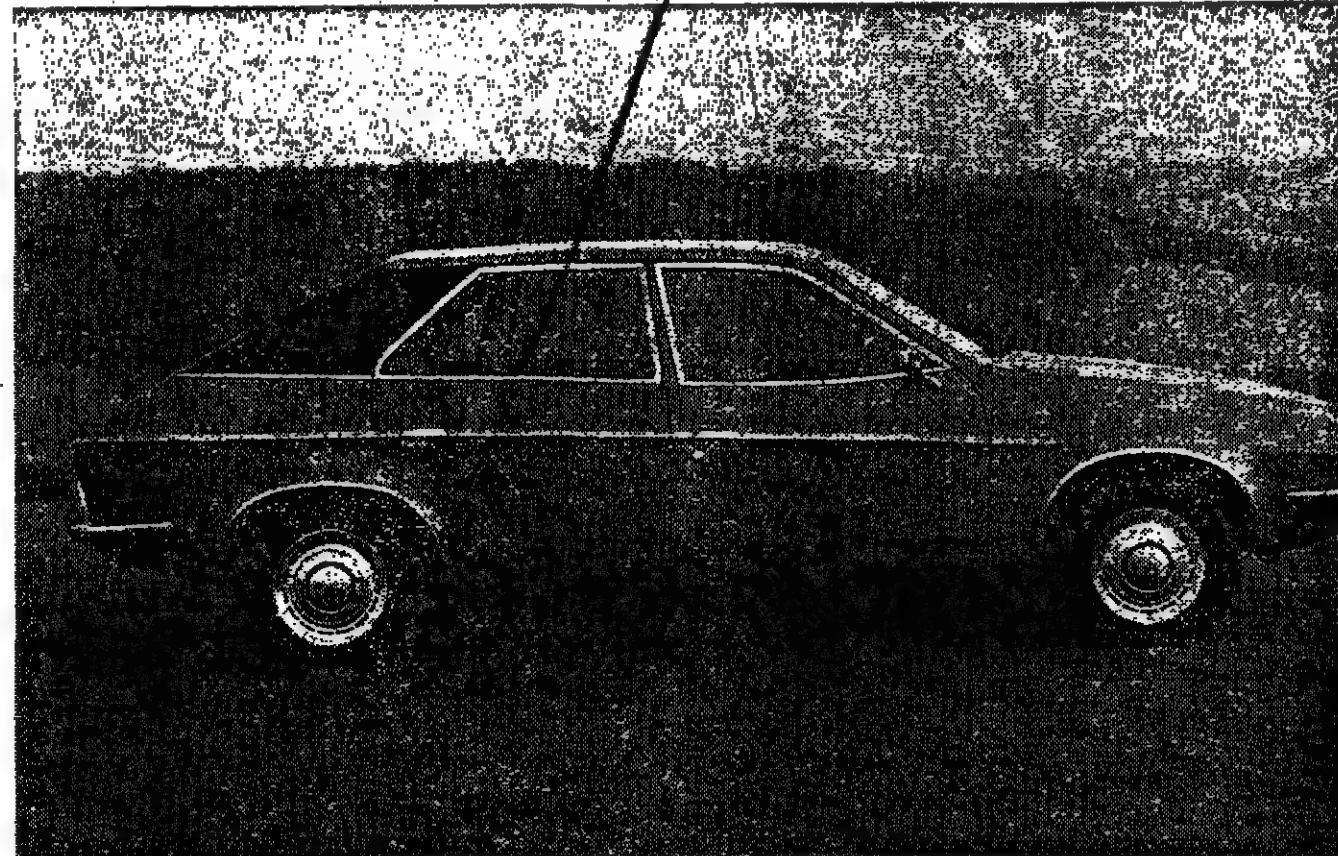
become increasingly resistant to such vehicles. Another is price, since the birth of the industry 80 years ago. Since the last war, however, and particularly since the launch of the Rover 2000 only 15 years ago, the market has been a success in the eyes of the specialist sports car manufacturers in the U.K. The U.K.'s inflation rate, emission controls and the oil crisis, he points out, have combined to create a situation in which economic survival has

On size, the argument is by no means over as yet. It is notable that in both Germany and France this year large cars have staged a come-back from the depression of last year: indeed, alongside the small family car category, the large car sector has been the only one that has grown. Of course, cars like the Opel Commodore and the Ford Granada are characterised as much by their generously sized engines as their interior space, and the key to the future, when further turns of the oil screw have occurred, may be to put in smaller engine units, or at least engines that favour economy rather than performance. Already Ford has responded by putting its 2-litre engine into the Granada (as against the 2.5 and 3.0 litre), and Jaguar has brought back the 3.4 litre unit after going up to 4.2 and 5.4 litres only.

An alternative is to offer more modestly sized vehicles. This development is well under way already, as some of the large European manufacturers have built up parallel "prestige" model ranges alongside their volume cars. BL, for example, has used the Triumph marque in this way with the development of the 1500/1600/Dolomite range and, equally, the Volkswagen group has two equally parallel ranges now in its VW proper and Audi ranges: the Audi 80, with its 1.5 litre engine, is echoed in the VW Passat, and the Audi 50 is exactly the same size and shape as the Polo, though with superior trim.

Specialist

Fiat is developing the most logical, and in some ways the most intriguing, organisation along these lines. While the parent company has itself a complete range of models, from the small 600cc 125 to the larger, plush 3-litre 130, it also controls two specialist concerns: Autobianchi and Lancia. Autobianchi is firmly based in the "mini" and small family saloon markets which are so well established in Italy, but sells at a premium over the Fiat marque. Lancia, in the longer term, is developing a range of three vehicles from 1.5 litres to 3 litres, which will run parallel with the rest of the Fiat range: in the Beta, first of the three,



The Leyland Princess.

they have also been given a distinctive body style, and although considerable commonisation of components is planned, the organisations will be run separately.

In all three companies—Triumph, VW, and Lancia—the prestige marques have utilised front-wheel drive, a more expensive system to conquer than the rear wheel drive it replaces, and also one which carries a considerable engineering cache to-day.

These smaller specialist vehicles have built up a considerable market in Europe. Indeed, the small 1602/2002 BMW range, with its aggressive, sporty image, has produced one of the strongest car companies in Germany, and the Triumph range, aimed somewhat further down the market, has had steady sales. The question now, however, is whether there is a big enough market waiting outside the new factories which are coming on stream to push out an increasing number of prestige models.

The last 12 months alone have seen a considerable increase in the stock of models in the specialist category. There has been the new Volvo 264, plus the new Renault 30 and Peugeot 604, both powered by the same V6 2.7 litre engine as the Volvo. Then BMW has added a number of variants to its "3" Series, and brought in the "3" Series, while planning to increase production by about 20,000 cars; Lancia has added variants to the

Beta range, and is planning further models.

Within a few months, also, Rover will be bringing out its new model, with a capacity of some 50,000 a year more than its previous range, while in the longer term Audi aims to replace its 100 model, and Volvo is planning to use its DAF plant for a new family-sized vehicle.

Enthusiast

If the pundits are correct, these cars will be selling into a rising market again by mid-1978 or early 1979. The various

models will also be aimed at the Citroën "D" Series, widely differing customers, supreme. Hence it is conceivable that the structure for these kind of vehicle will change.

At the moment, many find it extremely difficult to make profits out of small cars, while the pressure of demand for the smaller family car may lead to a convergence of prices between vehicles bottom and top ends range.

All the same, these manufacturers must, for a few years at least, and the going extremely competitive: in France alone, for example, there are now, suddenly, two new vehicles facing up in the executive sector of the market where formerly

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Terry Dods



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هناك من العمل

Teaching revolution in the classroom

IS a certain kind of even national politics in terms of which even the most ardent of socialists must have at least one of the qualities of a good teacher. The question of how to do it is not a simple one. It is not a simple one to answer this as many might think. Consider: a boy with a lot of... the point I won't... ordinary... chance in this world... clever... I'm not.

... poem by a 13-year-old... the first in a book of... entitled... Words. The teacher... partly responsible for... that slim volume... Searle, became the... a little national flurry... May, 1971, he was... his teaching post... John Cass and Red... a church school in... East London.

ported

... was given support... National Union of... of the Inner London... Authority, his own... and many others. After... he was re-instated in... job. This was surely... the school authorities... not have dismissed him... to publish his... writings, even if the... on did reflect a dis... view of life in... all, life in Stepping... An English master... able to encourage class... discussions of local or...

docks, which included the... Tower Hotel, was the closure of... Hospital. A 12-year-old... wrote: "81 beds going to waste... That is not enough in this... place. To the government that's... their way... To let the people die on the... street. And on a windy day... But if they are ill... They have their private wards... where they get well... They must say... 'Let them die in Poplar, we... are okay.' In our private wards, living... like lords... Every day."

Is this reasonable in a liberal... society? Again the answer must... be, yes, as long as most profes... sional teachers will encourage... discussion of both (or all) sides... of such questions.

More pay

... We pass over a few indus... trial strikes, with endings often... happy and more pay in the... workers' pockets, to near the... end of the book, where four... 12-year-old boys "present a... 'Workers' Play' which, in Mr... Searle's view, 'began in the... stark realism of factory bore... dom, but ended, through... imaginative escapism, in a tele... vision world of cops and... robbers.' Here is the ending: "As the 'copper of the Fuzz... arrives, Harry pulls out a tommy... gun. Harry blows a cop off his... bike. While the cops were... shooting, a stray bullet hit the... petrol tank and it exploded." Between the first local... grievance passages and this...

sympathies of the children were... clear."

The flavour of the book... becomes increasingly familiar... the more one dips into it. "The... children's reaction to the... Miners' Strike which brought... down the Tory Government in... 1974 was one of total solidarity... and support," says Mr. Searle... introducing that particular... section. Elsewhere, "there was... tremendous sympathy for the... 'Shrewsbury Two', so that... some children imagined them... selves as one of them. Des... Warren, 'shut-away in prison.'... An 11-year-old wrote: "My name's Des Warren and... I'm put away for three years... in this miserable place. I was... picketing and a few coppers...

Not clear

What does the liberal... democracy say at this stage?... Again the answer is not clear... Many of the individual pieces... in *Classrooms of Resistance*,... taken alone, should not be sup... pressed or used as a cause for... preventing Mr. Searle from... teaching in any society with... pretensions to be free.

Later, the class read Huw... Beynon's *Working for Ford*... (Penguin, 1973). "The boys... were particularly interested in... the methods adopted by the... workers to resist the speeding... up of production, and the nature... and causes of industrial acci... dents and fatigue," comments... Mr. Searle.

of a team of English teachers... Mr. Searle himself has for five... years been a sympathiser with... "Rank and File," a faction... within the National Union of... Teachers that is associated... with the far-Left International... Socialists. He is proud of being... a committed Socialist, as is his... right.

Yet he does not himself seem... to have changed his mind about... the best approach to teaching... He feels he is part of a move... ment of young teachers like... himself, who believe that the... classroom is, in his words, "a... place to develop collective... consciousness and action and to... transform education into a work... will to resist and organise."

If you ask the NUT, it says... that classroom indoctrination is...

forbidden. This means that right... party political teaching, with... a plea to support Conservatives... or Communists, or Labour, or... energetic headmaster deter... mined to stand up for his staff... This is as it should be in a good... school.

Difficult

I warned at the beginning... that it is difficult to determine... where the bounds of tolerance... lie. If one put the worst... interpretation on the case... history of *Classrooms of Resist...*... a strong liberal society... might shrug its shoulders... and go about its business... especially if it happens in only... one or two schools.

In today's circumstances... when the pressure from collec... tivists, anti-democrats, and... putative authoritarians is felt... a thousand times in a thousand... ways every day this is not so... easy. It would be wrong, and... probably unnecessary, to pick... on the plainly sincere (and... benevolently intentioned) Mr... Searle alone. But what is the... extent of his vaunted move... ment of young teachers? Among... such teachers, how much class... room indoctrination is taking... place against the spirit, if not... in breach of the letter, of the... National Union of Teachers'... Code? Is the Inner London... Education Authority looking... into the matter? On the basis... of inquiries made yesterday, it... seems not.

Energetic

Mr. P. L. T. Andrews, the... headmaster who is so well-satis... fied with Mr. Searle's present... work, declines to say whether... or not he himself is in sympathy... with Rank and File; this is his...

democracy in Britain is not to... become overwhelming, we must... first make up our minds about... where this line is to be drawn... and then cast aside inhibitions... about defending it.

September published, including... import and export unit value... and volume index and terms of... trade.

COMPANY RESULTS

Rural Pulp and Paper (half-year).

Gerrard and National Discount (half-year).

Rockware Group (half-year).

UDS Group (half-year).

COMPANY MEETINGS

Barker and Dobson, Great Eastern Road, E.C. 11.30.

Brassey, Walmley, Sutton Coldfield, 12.

Crosby, Crosby, 8, Crosby Square, E.C. 12.

Pifco, Winchester House, E.C. 12.

United British Securities Trust, 33, Cannon Street, E.C. 12.

EXHIBITIONS

International Electronic and Production exhibition opens, Metropole Centre, Brighton.

Children's and Teenage Fashion Fair continues, Horticultural Halls, S.W.1.

Modern Homes Exhibition continues, Kelvin Hall, Glasgow.

SPORT

Boxing: British light-heavyweight championship, Johnny Frankham v Chris Flanagan, Royal Albert Hall.

Letters to the Editor

clear fusion

Professor Sir Alan

... understand that the... in Parliament has in the... days been told of a pro... in EEC research funds... unfortunately, this comes... very moment when the... European co-operation... development of controlled... power, based on... Joint European... (JET) project is ready... decision.

If this project were not... forward, in the long term... fusion... offers the... hope, possibly even the... for meeting the energy... of Europe (including the... of the world generally). Although many difficult... problems have still to... be solved, it is becoming... clear that fusion is a... no fundamental barrier... the generation of elec... from controlled thermo... fusion. This form of... power will have... advantages: its fuel... is virtually limitless... is extremely safe and... safe for less radioactive... has fusion power. The... project is absolutely... the technical step to take... the tokamak princi... which it is based... is a major step towards... for reaching the... plasma conditions of a... reactor, and the ex... which the Shurston... built up in this field... finally found, our own... laboratory at present... confidence in the technical... and timeliness of the... the future of Europe, this... in its long-term... supplies is vital. Britain... in Europe means that... countries can set coherently... even jointly what is beyond... separately. The develop... of nuclear fusion is a... and opportunity of... its kind for its natural... is European rather than... of any individual EEC... The USSR and the... of continental scale... ing ahead with their own... programmes, and it is... tely right for Europe to... place alongside them in... attempt to ensure that... world will have abundan... energy in the 21st... Cottrell, laster's Lodge, College, Cambridge.

also directly from the contribu... tion that the employee can make... towards successful development... of the product or project. There... is a world of difference between... the production of prototype... versions and the subsequent... large-scale manufacturing pro... gramme, and the engineer's... detailed knowledge of the subject... is often invaluable in bringing... the product to the market as... quickly as possible.

Certainly it is a policy adopted... wherever practicable by my... company. I can instance a... number of examples of project... engineers who have moved with... the product and established... themselves successfully as part... of the management team.

Michael Clark, The Plessey Company, Ilford, Essex.

Spending out of hand

From The Director, Heating and Ventilating Contractors' Association.

Sir—Your thoughtful article... October 9 on the problem of cut... ting public expenditure, was... most timely.

It should not be forgotten... however, that cuts are being... made and some public authori... ties are apparently so short of... money that they are finding it... difficult to pay their bills. Con... tractors certainly are meeting... problems of delayed payment... These sort of issues highlight... the problem of where the cuts... should be made. Clearly public... authorities have to honour exist... ing commitments and it is to be... hoped that any present cash flow... problems will only be temporary.

But in the matter of further... cuts, a real distinction needs to... be made between public current... expenditure and public capital... expenditure. Public capital ex... penditure has rarely been of the... candy floss variety. Not only... have the trimmings been... eliminated but serious cuts have... been applied to vital and sensi... tive areas. Nor should it be for... gotten that certain types of... public expenditure are essential... to provide the infrastructure for... private capital expenditure.

These sort of issues, therefore, is for... cuts in extravagant and wasteful... public current expenditure. And... as you advocate, an increase in... job-creating wealth-producing in... vestment in both the public and... the private sectors.

G. F. Cutting, Coastal Chambers, 172, Buckingham Palace Road, S.W.1.

travel by rail, bus, airplane... taxi, airship, hovercraft (and... probably balloon, if pushed). Thus Mr. Stern has placed him... self in an altogether circular... argument, which can only be... resolved by a Government deci... sion that nobody in business... should be travelling anywhere... a coup no doubt for the Post... Office's Videophone, if nobody... else.

The hoary old chestnut of vast... accident costs being borne by... the community just cannot... stand up to close investigation... In practice, most accident costs... are carried by users through... vehicle insurance payments. The... last official Road Traffic Report... gave a figure for accident costs... over and above this of £18m. in... 1970-71. Current estimates would... raise this to £39m, or 1 per cent... of road user taxation.

Of course, road casualty... figures are tragically high; no... one would seek to deny this. As... Mr. Stern doubtless is aware... however, casualty rates per... vehicle miles on motorways are... around one-third of those on... ordinary roads—a statistic on... which our anti-motorways... (sic) may ponder.

And Mr. Warren, 26, Manchester Square, W.1.

14p per week per head

From The U.K. Representative, UNICEF Greening Card Operation.

Sir—How refreshing to read... your correspondent's spirited... defence (October 9) of the... cord expenditure. His method... of calculation also has the... virtue that it demonstrates how... cheaply we could if we wished... provide help and care for the... sick, disabled and under... nourished, eliminate blindness... due to vitamin deficiency... save literally millions of lives.

Only 14 new pence per British... head per week during one year... (much less, you will agree, than... the 13 pence involved for Con... corde), would nearly double the... funds made available to the... benefit of the world's... countries who support the... United Nations' Children's Fund... Jean La Cleron, UNICEF Greening Card Operation, 14, Stratford Place, W.1.

Nuclear health hazards

From The Chief Medical Officer, U.K. Atomic Energy Authority.

Sir—Mr. K. O'Neill (October 14) is getting nuclear and non-nuclear health hazards seriously out of perspective when he draws a parallel between the risks of cigarette smoking and contact with vinyl chloride monomer and the risks to which workers on nuclear power stations and other nuclear plants in the U.K. may be exposed. It is irrefutable that deaths from lung cancer are very much greater among heavy cigarette smokers, in relation to their total numbers, than among non-smokers; and much the same applies to liver cancer and lengthy exposure to vinyl chloride monomer. By contrast, the death rates in the nuclear industry from any cause that might conceivably be attributable to radiation are no higher than in the population at large. On a further point of fact, we know of no case of any worker in the U.K. nuclear industry ever having suffered from radiation sickness.

S. M. B. Hill, Building 10, Harwell, Oxfordshire.

Road user taxes

From The Secretary, Movement for London.

Sir—I fear that Mr. G. J. A. Stern (October 9) considerably underestimates the capacity of Government departments to know who pays what road user taxes, and how.

Broadly speaking, there are two forms of tax levied on the road user. The most recent of these is VAT charged on fuel and vehicles, which is reclaimable by legitimate business users. Those figures, however, contrary to Mr. Stern's belief, are not included in the total road user taxation bill of approaching £30m. per annum. The only VAT included is the net figure, for example, private expenditure on motor vehicles.

The second section of motor taxation incorporates car and fuel tax and licence duty, which as Mr. Stern points out, can be offset against corporation tax by businesses as permitted travel expenditure. But then so can...

Engineering management

From The Managing Director, The Plessey Co.

Sir—Mr. Hickling's comments (October 9) on the need to enable engineers responsible for new developments to grow commercially with their achievements has hit a very important nail right on the head.

Such a policy benefits both employee and company. The employee is offered greater job interest and wider career oppor... tunities. The company benefits not only from reduced turnover of its employees—with consequent savings in replacement costs—but expenditure. But then so can...

North Sea

Mr. F. Waddams.

Mr. Skeet's reply (Octo... ber 10) to my letter on North... Sea (September 23) includes... phrase, an "argumentum ad... dum," and a number of... pointed statements which... are made by the com... munist. Too much... decided with a brief...

visions to explore develop... dispose of, close down... abandon oil resources in the... Sea, under existing legis... are made by the com... munist, mostly in distant... ries, by people whose... and objectives do not... coincide with the political... economic interests of the... Past actions which have... in this condition are, so... water under the bridges... are adequately indicat... only from reduced turnover of... its employees—with consequent... savings in replacement costs—but expenditure. But then so can...

Now thankfully, there's an endowment plan that doesn't assume you have your future all sewn up by the time you're twenty-five.



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You can pay your monthly premium as low as £2 per month (£4.15 with tax relief) while you enjoy life, then increase the premiums when you can afford it without producing evidence of health.

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Finally, you gain from a two tier bonus system. One rate is calculated on the original sum assured; the other on existing declared bonuses, and once declared they are like the sum assured—guaranteed.

Incidentally, it may interest you to know that we've never failed to pay a bonus since we commenced business in 1826. If you'd like more information about Flexidowment, ask your broker or simply complete the coupon below.

For people who grow wiser as they grow older.

Or thirty-five. Or even forty-five, for that matter. Flexidowment, as its name suggests, is an endowment assurance with profits that has the additional advantage of flexibility. It doesn't assume anything. It simply recognises that your circumstances may change as you grow older. And when they do, Flexidowment is adaptable enough to change with them. The Flexidowment plan is made up of £1 monthly units and you can start with as little as five. For that you get the security of life cover, and the benefits of profit sharing plus flexibility. So just how flexible is Flexidowment? To begin with, you can add to the number of your units every three years—without producing evidence of health.



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Scottish Amicable Life Assurance Society, Head Office: 35, St. Vincent Place, Glasgow G1 2PF

SCOTTISH AMICABLE

COMPANY NEWS + COMMENT

Lesney first half growth 'encouraging'

WITH TURNOVER up from £12.35m to £16.07m, and profit, before tax, from £1.25m to £1.6m, the first 24 weeks trading out of the year for Lesney Products has been encouraging, says the chairman, Mr. P. M. Tapscott.

The relative weakness of sterling helped to maintain overseas sales, but U.K. inflation remains a continuing threat to profitable manufacture for world markets, he adds.

Mr. Tapscott reports that the second half has started satisfactorily and the directors anticipate being able to increase the annual dividend by the statutory maximum.

Excluding an exchange profit of £393,000 earnings per 5p share for the 24 weeks are shown at 2.58p, against 1.89p, and the interim dividend is 0.34125p net, compared with 0.34p. The total for the year to January 31, 1975, was 0.77125p from pre-tax profits of £3.86m—earnings 6.25p.

The company manufactures "Matchbox" toys and commercial castings.

comment

The toys and games sector has been enjoying its traditional early autumn period of relative stock market strength, and Lesney's share price has been no exception—nearly doubling to 36p since mid-August. The interim statement is well up to external hopes, but a significant part of the 25 per cent. pre-tax profit advance is explained by the fall in value of sterling, and volume was only marginally ahead. The interest charge is much higher as the overdraft has risen by about £1m since February, reflecting a build-up in stocks during slackier than usual summer trading. But, in line with reports from the rest of the business, demand has now picked up quite well. So a target of at least £4.5m. pre-tax, against £3.86m, seems feasible for the full year. While Lesney does have the advantage of selling in the lower price ranges, the obvious medium term economic uncertainties could hold the shares back for the time being.

Fidelity Life affairs

The affairs of Fidelity Life Assurance, which has taken no new business since January, had been of concern to the Department of Trade for some time, Counsel said in the High Court yesterday.

Mr. J. Chadwick, for the Secretary of State, told Mr. Justice

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BSG International	26	7	Merchants Warehousing	26	6
Cantors	28	1	Mole (M.)	28	7
Commercial Union	28	7	North (M. F.)	26	5
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Fidelity Life	26	1	West of England Tst.	27	3
Gloxo	29	1	Williams Hudson	29	1
Glossop (W. & J.)	27	4	Wolverhampton Die	27	3

Oliver that it became clear from accounts which came into the Department's hands in May, that the company's solvency depended on the value of guarantees or indemnities given by its American parent, Fidelity Corporation.

Sanderson Kayser downturn

FIRST-HALF pre-tax profits of the Sanderson Kayser steel and tool manufacturing group have fallen from £431,000 to £372,000—the figure for all 1974 was £515,565.

And the directors consider profits for the second half are unlikely to equal those of the first, although, as reported at the annual meeting, they still expect the full year's result will be better than the £570,101 achieved in the year 1973.

They explain that the current year started with good order books, and reasonable output was maintained for the first six months, but order intake in the period did not match deliveries and short-time working had to be introduced in many departments. After estimated tax of £193,440 (£234,101 the first half net profit less tax) down from £206,880 to £178,560.

The net interim dividend is again 1.23p per 25p share. Total for the previous year was 3.58p. Also, the Board has declared a dividend of 1.1375p per 25p share for the half-year to December 31, 1975, which with the tax credit of 1.1375p amounts to 3.25p (£3.3835p) per share. The rate has been reduced below that paid on the previous occasion in the light of a High Court decision as to the true construction of Paragraph 18 of Schedule 23 to the Finance Act 1973. If such

respite rather than a genuine revival, there is now work on hand which should result in some improvement in the second half, the chairman adds.

In view of the situation the directors do not recommend an interim dividend, against 0.45p net per 20p share. The total for the year 1974 was 1.166p from profits of £522,505.

Turnover... 4,992,259 4,903,184
Trading profit... 151,438 109,140
Less interest... 157,948 102,626
Pre-tax profit... 6,572 6,514
Taxation... 8,572 212,771
Net profit... 8,572 182,743

M. P. Kent on target—pays more

COMPARED WITH a forecast that results would be "in line" with the previous year's £1.76m, profit before tax of M. P. Kent, property and housing developers, was £1.7m for the year to June 30, 1975, after £1.1m, compared with £0.9m in the first half.

Year-end earnings per 10p share are shown to be up from 3.7p to 3.9p and dividends total £1.09p net against £1.025p, with a final of 1.20p.

Chairman Mr. M. P. Kent "is again confident that shareholders' funds represented by net tangible assets will show a further significant increase during the current year."

The annual rental income on prime property investments is now £514,000—70 per cent. growth (£302,000). Balanced gearing is being maintained between property trading, investments and housing activities, says Mr. Kent.

comment

Growth from property development at M. P. Kent is the sustaining factor behind an unexciting level of housebuilding, as building largely against firm orders has prevented Kent from being caught by the worst of the recession. Though current office lettings are particularly flat and industrial property is also quiet, new developments scheduled for 1976 already enable Kent to forecast a 20-30m. rise in rents without any benefit of rent reviews, which are not due for a couple of years yet. Moving



Mr. P. M. Tapscott, chairman of Lesney Products.

DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding dividend	Total last year	Total this year
BSG International	0.33	Nov. 28	Nil	Nil	Nil
British Syphon	Nil	—	0.45	1.84	1.72
Bryant Holdings	1.12	—	0.25	2.57	2.32
Dupont	1.48	Dec. 20	1.48	8.31	7.39
Gloxo	5.16†	Jan. 6	4.39	1.17	2.82
W. and J. Glossop	1.17†	Nov. 14	1.17	1.71	1.58
M. P. Kent	1.21	Dec. 12	1.16	0.78	0.82
Lesney Products	1.21	Jan. 2	0.47	0.35	0.67
Malayalam	0.33	Jan. 6	0.25	0.25	0.35
M. F. North	0.33	Jan. 6	1.22	0.48	0.78
Sanderson Kayser	1.22	Dec. 12	0.48	0.7	0.88
Wolverhampton Die	0.35	Dec. 12	0.48	0.7	0.88

Dividends shown pence per share net except where otherwise stated.

† Equivalent after allowing for scrip issue.

Increased by rights and/or acquisition issues.

down into the cheaper, first-time buyer housing bracket has held unit sales to within 5 per cent. of the previous year, but overall profit margins are considerably lower. Meanwhile, holding back on replacement land purchases brought the overdraft down to £5.4m by June and a further reduction is envisaged for this year. At 32p, the market worth of £2.5m, compares with net tangible assets of £2.3m; the yield is 8 1/2 per cent.

Empress Services

Although trading in the current year will not be easy at Empress Services (Holdings), the chairman, Mr. J. F. Nash, is confident "there can be a satisfactory future for the group."

He reports in his annual review that current trading of PPR Security Services and Baymark Services, wholly acquired in May, is "encouraging" and this diversification from traditional activities into the growth market of private security services will contribute substantially to future profitability.

Since the year end, stringent efforts have been made to reduce costs and eliminate unprofitable activities. Nevertheless, there is a continuing tendency to make customers to reduce the amount of industrial cleaning, the chairman reports.

Referring to the auditors' reference in their report to the standard of bookkeeping in certain subsidiaries during the year, Mr. Nash states: "This comment is fair in so far as, owing to considerable staffing problems at senior levels in the accounts department, certain bookkeeping problems arose for a period."

The auditors also refer to a provision of £96,000 for possible bad and doubtful debts at March 31, 1975. Mr. Nash says the directors, having examined the year-end debtor position in detail, feel it advisable to make such a provision "which is realistic and conservative."

As reported on September 23, pre-tax profit declined from £226,397 to £111,696 for the year ended March 31, 1975 and the dividend net is down from 0.7507p to 0.45p net.

M. F. North setback

Pre-tax profit for the first half of 1975 of M. F. North fell sharply from £59,100 to £5,500.

Business was at an abnormally low level in terms of room occupancy. While receipts from visitors were up by over £50,000, this was not sufficient to meet the heavy unavoidable increases in operating costs, says the chairman, Sir Cyril Black.

The business suffered disturbance in several hotels as a result of major fire precaution work which is now virtually complete—at a total cost of about £250,000.

In 1974 tax of £125,021 was provided, but it is unlikely it will have to be paid. Furthermore, it is anticipated that, if a modest profit is made in 1975, the tax liability, if any, will be minimal.

He reports that in the third quarter there was a definite improvement in business. The

turnover... 4,992,259 4,903,184
Trading profit... 151,438 109,140
Less interest... 157,948 102,626
Pre-tax profit... 6,572 6,514
Taxation... 8,572 212,771
Net profit... 8,572 182,743

After depreciation, etc.

INTERIM DIVIDEND
The Directors have declared an Interim Dividend on the Company's Ordinary and Restricted Voting Ordinary Shares of 0.34125 pence net per share (1974 0.34 pence) payable on 2nd January 1976.

PERIOD UNDER REVIEW
With turnover up by 30% and profit before taxation by 28%, the first 24 weeks trading

Dupont down £3.86m. for at midway

FIRST HALF (to July 31) group profit of Dupont contracted from £5.34m. to £1.48m, mainly reflecting a decline in demand for steel which fell particularly sharply towards the end of the second quarter, the directors report.

No significant improvement in the general level of demand is expected in 1975 and, in the circumstances, the group "will do well" if results for the second half equal those of the first, they add. Profit for the year to January 31, 1975 was £10m.

However, they are confident that plans devised to deal with a recession will result in the group being able to resume its advance when conditions improve.

Stated first half earnings per 25p share decreased from 8.49p to 2.14p, or from 6.69p to 1.91p fully diluted. A similar drop in interim dividend of 1.4875p net is declared, and the directors expect to maintain the final at 1.8858p.

Steel turnover... 1974 1975
Engineering... 1974 1975
Domestic products... 1974 1975
General division... 1974 1975
Less inter-div. sales... 1974 1975
Total external... 1974 1975
Steel profit... 1974 1975
Engineering... 1974 1975
Domestic products... 1974 1975
General... 1974 1975
Total trading profit... 1974 1975
Interest payable... 1974 1975
Associates... 1974 1975
Profit... 1974 1975
Taxation... 1974 1975
Net profit... 1974 1975
Pre-tax profit... 1974 1975
Ordinary... 1974 1975

The steel plants operated at a much reduced level of activity. The modern re-rolling and bright drawing units, however, demonstrate their ability to operate profitably despite recession difficulties.

Good recovery by BSG Intl.

THE IMPROVEMENT experienced by BSG International in the first quarter was maintained in the second and pre-tax profit recovered from £251,000 to £1,034,000—a figure in excess of the £923,200 for all the year 1974.

Having given consideration to the half year's profit, the current trend of trade and the cash flow situation, the directors announced a dividend of 0.325p per 10p share is declared. There was no payment for the full year 1974.

The interim dividend is 0.345p net per 10p share (same) and the final (0.67p for 1974) will be considered in the light of the year's results. Profit for 1974 was £317,394.

Since January 1 properties surplus to requirements have been sold for £1.3m, and a small company for £20,000. Contracts have also been exchanged for other properties totalling £355,000, and agreements have been reached on the sale of further assets for £596,000 subject to contract.

It is anticipated that a further £500,000 to £700,000 will be raised by future sales of surplus properties as opportunities arise.

The hire purchase companies which are reducing their scale of operations have also repaid in excess of £5.2m. of borrowings so far this year. These measures and those in the pipeline will have a material effect on the group's gearing, Mr. Cressman points out.

The company has been assured that the supply of vehicles should improve during the last quarter of the year. The September, 1975, registrations, if taken on an annualised weighted basis, would produce a market of 1.5m. cars, 1975 with net borrowing which must be considered a "good omen for the rest of this year and also, hopefully, for 1976."

While many companies had to

cutties but the outdated making plants returned a bid losses.

The level of activity engineering division was up by the market for component agricultural tractors which remained strong and went on to offset the marked reduction in demand for passenger car other components.

The first phase of the output enhancement of the continuous at London works has been completed and should make a substantial contribution to demand for steel returns a reasonable level, the d

To combat rising cost falling margins rising cost foot in July to imply reorganisation of the bed division facilities. Profit now concentrated on two substantial savings will re

Environmental objection making plant in South Wales now been overcome and a new plant is now open to tend of the finance for this has already been provided proceeds of the rights is the loan of £10m. from Bank.

While other bank but at present remain con within the facilities avail a number of smaller proj proceeding, it is consider dence to conserve resource major projects have u been deferred until more levels of cash flow return. In the meantime activi being reviewed to ident

eliminate those operation prospect in the longer a longer justify their rate the group. See Lex

outcome has been encouraging. The relative weakness of sterling has helped to maintain overseas sales, but the U.K. inflation remains a continuing threat to profitable manufacture for world markets.

OUTLOOK FOR THE FULL YEAR
The second half year has started satisfactorily and the Board anticipates being able to increase the annual dividend by the statutory maximum.

Lesney Products & Co. Ltd., Lee Conservancy Road, London E9 5PA

INTERIM DIVIDEND
The Directors have declared an Interim Dividend on the Company's Ordinary and Restricted Voting Ordinary Shares of 0.34125 pence net per share (1974 0.34 pence) payable on 2nd January 1976.

PERIOD UNDER REVIEW
With turnover up by 30% and profit before taxation by 28%, the first 24 weeks trading

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OUTDIED by the increased figures for the first five months of Cantors, retailers of furniture, carpets and bedding, the forecast for the current year of chairman Mr. Cyril Cantor would again be for an advance in trading profit.

But if the country succeeds in bringing inflation under control "it may well mean that the trade generally will suffer in the short term, and thus adversely affect us," he points out.

In the long term, however, "it must be to everyone's advantage that inflation should be brought under control, and the sooner the better," Mr. Cantor tells members in his annual statement.

As known, the company is paying dividends of 1.813p net, against 1.699p pre-tax profit up from 23.362 to 24.272 in the 52 weeks ended April 26, 1975.

A one for ten scrip in "A" shares is proposed.

After deducting 240,533, being the increase in the provision for unearned profit and collection costs, net profit from trading amounted to a record 242,372, more than double the previous year's figure.

The group also sold one of its two shops in Chester, and the net gain on this sale and certain small sales of other properties, amounted to 261,836.

An amount of 253,000 spent on the purchase of fixed assets, including the improvement of premises and fitting out seven new shops, was about the same as the amount received from the sale of properties.

The company has agreed to open eight other shops in the current year. In the year 1974-75, eight small shops were closed—

the ladies' fashion division has been closed down.

Capital expenditure, authorised totalled 240,000 of which 230,000 was committed at the year end. Mr. Cantor anticipates that the balance of 240,000 will be spread over the current year and into the following two years.

Chairman Mr. J. R. Cater finds it difficult to forecast the pattern of trade in the second half but says that, although some small improvement in demand is expected, profit for the full year "will be appreciably lower" than the 25.5m. achieved in 1974.

Sales for the half year advanced from 236,322 to 241,240, and trading profit totalled 23,322, compared with 22,740. The estimated tax charge was 230,000

(£1.35m.), leaving 221,600 net, against 215,700.

Sales volume declined sharply and the higher revenue reflects higher prices required to match escalating costs, says Mr. Cater. The reduction in demand, particularly for containers and closures, and interest charges were very much higher because of increased borrowing to finance plant investment and inflationary growth in working capital.

RAINE DEAL COMPLETED

Shareholders of Raine Engineering Industries have approved the purchase of P. Raine for 250,000—already announced—and the purchase has been completed.

AS FORESHADOWED in the May interim report, the directors of Malayalam Plantations are unable to recommend a final dividend for the year to March 31, 1975.

An interim of 0.25p net per 10p share has been paid. Total for 1974-75 was 0.813p.

The directors explain that, as stated in the report for the year ended March 31, 1974 results in India will be included in the starting accounts at the time and to the extent of actual remittances and no profit remittances have been received since publication of last year's accounts. As soon as any worthwhile remittance is received they will make a further announcement.

Profit before tax in the U.K. for 1974-75 was 210,711, against 217,337 in the previous year. After tax in India rose from

Rs.3.78m. to Rs.9.53m. to which ports a pre-tax profit of Rs.15.15m. (Rs.15.15m.) after minorities, for the first six months of 1975 on a turnover of 2,400,232.

For the corresponding period of 1974, loss of 234,611 was incurred on turnover of 2,811,827.

The directors point out that 1974 figures are not comparable due to the cessation and closure of the die-casting division in 1974.

For the year 1974 there were extraordinary items of 531,000, representing costs arising from the closure of the die-casting division.

U.K. results

Profit	210,711	217,337
Less minority interest	(3,000)	(3,000)
Profit after tax	207,711	214,337
Less provision for contingencies	(10,000)	(10,000)
Profit after tax and provision	197,711	204,337
Dividend	181,300	174,000
Reserve	16,411	30,337

India results

Profit before tax	9,530,000	3,780,000
Less minority interest	(1,000,000)	(1,000,000)
Profit after tax	8,530,000	2,780,000
Less provision for contingencies	(1,000,000)	(1,000,000)
Profit after tax and provision	7,530,000	1,780,000
Dividend	7,530,000	1,780,000
Reserve	0	0

Gold Fields Group

SEPTEMBER QUARTERLIES

DOORFONTEIN GOLD MINING COMPANY LIMITED			
ISSUED CAPITAL: 2,500,000 shares of R1 each, fully paid.			
Qtr. ended 30/9/1975			
Qtr. ended 30/9/1974			
Qtr. ended 30/9/1973			
OPERATING RESULTS:			
Gold:	361,000	371,000	371,000
Gold produced (kg.)	3,420.0	3,420.0	3,420.0
Yield (g/t)	17.1	17.1	17.1
Revenue (R1 milled)	37.3	37.3	37.3
Cost (R1 milled)	14.3	14.3	14.3
Profit (R1 milled)	23.0	23.0	23.0
Revenue (R000's)	12,000	12,000	12,000
Cost (R000's)	4,900	4,900	4,900
Profit (R000's)	7,100	7,100	7,100
FINANCIAL RESULTS (R000's):			
Working profit: Gold	5,000	5,000	5,000
Net sundry revenue	428	428	428
Profit before taxation and State's share of profit	5,428	5,428	5,428
Taxation and State's share of profit	2,714	2,714	2,714
Profit after taxation and State's share of profit	2,714	2,714	2,714
Capital expenditure	900	1,000	1,000
Loan levy	90	90	90
Dividend	5,000	5,000	5,000

DEELKRAAL GOLD MINING COMPANY LIMITED			
ISSUED CAPITAL: 2,500,000 shares of R1 each, fully paid.			
Qtr. ended 30/9/1975			
Qtr. ended 30/9/1974			
Qtr. ended 30/9/1973			
OPERATING RESULTS:			
Gold:	361,000	371,000	371,000
Gold produced (kg.)	3,420.0	3,420.0	3,420.0
Yield (g/t)	17.1	17.1	17.1
Revenue (R1 milled)	37.3	37.3	37.3
Cost (R1 milled)	14.3	14.3	14.3
Profit (R1 milled)	23.0	23.0	23.0
Revenue (R000's)	12,000	12,000	12,000
Cost (R000's)	4,900	4,900	4,900
Profit (R000's)	7,100	7,100	7,100
FINANCIAL RESULTS (R000's):			
Working profit: Gold	5,000	5,000	5,000
Net sundry revenue	428	428	428
Profit before taxation and State's share of profit	5,428	5,428	5,428
Taxation and State's share of profit	2,714	2,714	2,714
Profit after taxation and State's share of profit	2,714	2,714	2,714
Capital expenditure	900	1,000	1,000
Loan levy	90	90	90
Dividend	5,000	5,000	5,000

EAST BREEFRONTEIN GOLD MINING COMPANY LIMITED			
ISSUED CAPITAL: 2,500,000 shares of R1 each, fully paid.			
Qtr. ended 30/9/1975			
Qtr. ended 30/9/1974			
Qtr. ended 30/9/1973			
OPERATING RESULTS:			
Gold:	361,000	371,000	371,000
Gold produced (kg.)	3,420.0	3,420.0	3,420.0
Yield (g/t)	17.1	17.1	17.1
Revenue (R1 milled)	37.3	37.3	37.3
Cost (R1 milled)	14.3	14.3	14.3
Profit (R1 milled)	23.0	23.0	23.0
Revenue (R000's)	12,000	12,000	12,000
Cost (R000's)	4,900	4,900	4,900
Profit (R000's)	7,100	7,100	7,100
FINANCIAL RESULTS (R000's):			
Working profit: Gold	5,000	5,000	5,000
Net sundry revenue	428	428	428
Profit before taxation and State's share of profit	5,428	5,428	5,428
Taxation and State's share of profit	2,714	2,714	2,714
Profit after taxation and State's share of profit	2,714	2,714	2,714
Capital expenditure	900	1,000	1,000
Loan levy	90	90	90
Dividend	5,000	5,000	5,000

VENTERSPOST GOLD MINING COMPANY LIMITED			
ISSUED CAPITAL: 2,500,000 shares of R1 each, fully paid.			
Qtr. ended 30/9/1975			
Qtr. ended 30/9/1974			
Qtr. ended 30/9/1973			
OPERATING RESULTS:			
Gold:	361,000	371,000	371,000
Gold produced (kg.)	3,420.0	3,420.0	3,420.0
Yield (g/t)	17.1	17.1	17.1
Revenue (R1 milled)	37.3	37.3	37.3
Cost (R1 milled)	14.3	14.3	14.3
Profit (R1 milled)	23.0	23.0	23.0
Revenue (R000's)	12,000	12,000	12,000
Cost (R000's)	4,900	4,900	4,900
Profit (R000's)	7,100	7,100	7,100
FINANCIAL RESULTS (R000's):			
Working profit: Gold	5,000	5,000	5,000
Net sundry revenue	428	428	428
Profit before taxation and State's share of profit	5,428	5,428	5,428
Taxation and State's share of profit	2,714	2,714	2,714
Profit after taxation and State's share of profit	2,714	2,714	2,714
Capital expenditure	900	1,000	1,000
Loan levy	90	90	90
Dividend	5,000	5,000	5,000

KIDOF GOLD MINING COMPANY LIMITED			
ISSUED CAPITAL: 2,500,000 shares of R1 each, fully paid.			
Qtr. ended 30/9/1975			
Qtr. ended 30/9/1974			
Qtr. ended 30/9/1973			
OPERATING RESULTS:			
Gold:	361,000	371,000	371,000
Gold produced (kg.)	3,420.0	3,420.0	3,420.0
Yield (g/t)	17.1	17.1	17.1
Revenue (R1 milled)	37.3	37.3	37.3
Cost (R1 milled)	14.3	14.3	14.3
Profit (R1 milled)	23.0	23.0	23.0
Revenue (R000's)	12,000	12,000	12,000
Cost (R000's)	4,900	4,900	4,900
Profit (R000's)	7,100	7,100	7,100
FINANCIAL RESULTS (R000's):			
Working profit: Gold	5,000	5,000	5,000
Net sundry revenue	428	428	428
Profit before taxation and State's share of profit	5,428	5,428	5,428
Taxation and State's share of profit	2,714	2,714	2,714
Profit after taxation and State's share of profit	2,714	2,714	2,714
Capital expenditure	900	1,000	1,000
Loan levy	90	90	90
Dividend	5,000	5,000	5,000

WEST BREEFRONTEIN GOLD MINING COMPANY LIMITED			
ISSUED CAPITAL: 2,500,000 shares of R1 each, fully paid.			
Qtr. ended 30/9/1975			
Qtr. ended 30/9/1974			
Qtr. ended 30/9/1973			
OPERATING RESULTS:			
Gold:	361,000	371,000	371,000
Gold produced (kg.)	3,420.0	3,420.0	3,420.0
Yield (g/t)	17.1	17.1	17.1
Revenue (R1 milled)	37.3	37.3	37.3
Cost (R1 milled)	14.3	14.3	14.3
Profit (R1 milled)	23.0	23.0	23.0
Revenue (R000's)	12,000	12,000	12,000
Cost (R000's)	4,900	4,900	4,900
Profit (R000's)	7,100	7,100	7,100
FINANCIAL RESULTS (R000's):			
Working profit: Gold	5,000	5,000	5,000
Net sundry revenue	428	428	428
Profit before taxation and State's share of profit	5,428	5,428	5,428
Taxation and State's share of profit	2,714	2,714	2,714
Profit after taxation and State's share of profit	2,714	2,714	2,714
Capital expenditure	900	1,000	1,000
Loan levy	90	90	90
Dividend	5,000	5,000	5,000

VLAKFONTEIN GOLD MINING COMPANY LIMITED			
ISSUED CAPITAL: 2,500,000 shares of R1 each, fully paid.			
Qtr. ended 30/9/1975			
Qtr. ended 30/9/1974			
Qtr. ended 30/9/1973			
OPERATING RESULTS:			
Gold:	361,000	371,000	371,000
Gold produced (kg.)	3,420.0	3,420.0	3,420.0
Yield (g/t)	17.1	17.1	17.1
Revenue (R1 milled)	37.3	37.3	37.3
Cost (R1 milled)	14.3	14.3	14.3
Profit (R1 milled)	23.0	23.0	23.0
Revenue (R000's)	12,000	12,000	12,000
Cost (R000's)	4,900	4,900	4,900
Profit (R000's)	7,100	7,100	7,100
FINANCIAL RESULTS (R000's):			
Working profit: Gold	5,000	5,000	5,000
Net sundry revenue	428	428	428
Profit before taxation and State's share of profit	5,428	5,428	5,428
Taxation and State's share of profit	2,714	2,714	2,714
Profit after taxation and State's share of profit	2,714	2,714	2,714
Capital expenditure	900	1,000	1,000
Loan levy	90	90	90
Dividend	5,000	5,000	5,000

LIBANON GOLD MINING COMPANY LIMITED			
ISSUED CAPITAL: 2,500,000 shares of R1 each, fully paid.			
Qtr. ended 30/9/1975			
Qtr. ended 30/9/1974			
Qtr. ended 30/9/1973			
OPERATING RESULTS:			
Gold:	361,000	371,000	371,000
Gold produced (kg.)	3,420.0	3,420.0	3,420.0
Yield (g/t)	17.1	17.1	17.1
Revenue (R1 milled)	37.3	37.3	37.3
Cost (R1 milled)	14.3	14.3	14.3
Profit (R1 milled)	23.0	23.0	23.0
Revenue (R000's)	12,000	12,000	12,000
Cost (R000's)	4,900	4,900	4,900
Profit (R000's)	7,100	7,100	7,100
FINANCIAL RESULTS (R000's):			
Working profit: Gold	5,000	5,000	5,000
Net sundry revenue	428	428	428
Profit before taxation and State's share of profit	5,428	5,428	5,428
Taxation and State's share of profit	2,714	2,714	2,714
Profit after taxation and State's share of profit	2,714	2,714	2,714
Capital expenditure	900	1,000	1,000
Loan levy	90	90	90
Dividend	5,000	5,000	5,000

FPA CONSTRUCTION GROUP LIMITED			
Interim Report			
Qtr. ended 30/9/1975			
Qtr. ended 30/9/1974			
Qtr. ended 30/9/1973			
OPERATING RESULTS:			
Gold:	361,000	371,000	371,000
Gold produced (kg.)	3,420.0	3,420.0	3,420.0
Yield (g/t)	17.1	17.1	17.1
Revenue (R1 milled)	37.3	37.3	37.3
Cost (R1 milled)	14.3	14.3	14.3
Profit (R1 milled)	23.0	23.0	23.0
Revenue (R000's)	12,000	12,000	12,000
Cost (R000's)	4,900	4,900	4,900
Profit (R000's)	7,100	7,100	7,100
FINANCIAL RESULTS (R000's):			
Working profit: Gold	5,000	5,000	5,000
Net sundry revenue	428	428	428
Profit before taxation and State's share of profit	5,428	5,428	5,428
Taxation and State's share of profit	2,714	2,714	2,714
Profit after taxation and State's share of profit	2,714	2,714	2,714
Capital expenditure	900	1,000	1,000
Loan levy	90	90	90
Dividend	5,000	5,000	5,000

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Astra lifts sales by 17%

FRANKFURT, Oct. 13.

In the motor tyre sector, the group profited from the second half improvement in motor production. Demand from the motor industry—both in the car and commercial fields—was higher than in 1974. Against this, sales of tyres for spares and replacements declined—particularly in the commercial vehicle field where demand was hit, particularly by the low level of construction activity.

Conti's technical products sector recorded a lower rate of export decline than the tyre sector although it also has been affected by the current economic weakness. Demand from the conveyor belt industry was forecast to develop healthily and sales to the motor industry had increased.

Bag orders

BONN, October 13.

the management described how the export orders from DEMAG's traditional customers in Europe and the U.S. had fallen back and how they had been replaced with OPEC business.

The orders placed by German companies in the first nine months had been unaltered in real terms. Combined with the rise in foreign sales they had led to a record order book of DM2.9bn.

By Rupert Cornwell

plus

FRANKFURT, Oct. 13

Jacob's share of the West German household coffee market in 1974 stagnated until the start of the second half. But by the end of the year it had risen to 23 per cent, further consolidating Jacob's position as market leader.

During the course of last year, Jacobs reported that there was a continuing trend towards vacuum-packed pre-ground coffee. During 1974 its share of sales rose from 18 per cent. to 30 per cent.

While it is hardly a convenience food by British or American standards, the trend represents quite a switch from the traditional German way of doing things. But although a majority of West German housewives still prefer to buy the beans and grind them at home, more and more shoppers are turning to the general grocery stores for their coffee supplies and away from the specialist retailers.

JOHANNESBURG, Oct. 13.

requirements. The Board says that the additional capital is needed "in view of the substantial growth over the past few years and the anticipated expansion of the existing business."

With the shares at their year low of 75c, however, and earnings recently shown first half earnings of 9.4c per share, the rights will be made on a prospective p/e ratio of no more than about 4, even if they are pitched right up to the market. The bank will probably be looking for at least \$10m. and while the striking price remains to be finalised publicly, it could be around 60c; so the issue will be a heavy one on top of the existing 33.5m.

BY RICHARD ROLFE

JOHANNESBURG, Oct. 13
 generally rising operating costs
 which, however, have largely
 been absorbed. Thus the latest
 report, following the rights issue
 of 12 pcf, 100 at 450c, which was
 5m to 5.5m shares, was
 essentially seen as a time of
 consolidation though with satisfac-
 tory profit improvement
 hoped for against Rand prices
 of the previous financial year.
 In line with earlier forecasts,
 a dividend is maintained at 15c
 a share on the higher capital
 while with the new issue of 12
 pcf, 100 on an adjusted basis,
 cover has been improved. With
 a pre-tax target restated the
 normalised earnings should be
 increased from the 1969 level
 of 10m to 12m shares, which have
 attracted some London interest
 in recent months, are now 430c.

Bý-Gur de longuieres

If agreement is reached, it will be one of the biggest yet completed on Wall Street and will produce a large investment banking house along a broad range of financial services.

Neither firm is under immediate pressure to reach an agreement, though Smith Barney is reported to have been looking for a merger partner with a retail business since last December. It began with Horblower and V. Hemphill, Noyes, but these called off in February.

Institutional brokerage, like Smith Barney, have affected by the new negotiable commission, which went into effect last December.

A merger with Harris would both provide new revenue and strengthen Smith Barney's distribution network. For Harris, Upham, the merger would strengthen its position in offering a full range of services in an increasingly competitive retail market.

It is believed that any merger with Smith Barney would raise the two firms as roughly equal.

By Rhys-Davies

Net earnings for the came to \$7.9m, compared \$21m in the same period year and \$24m in the quarter of 1975. The amount of 1975 was \$57.3m, in the third quarter year and \$43.4m in the quarter of 1975.

But although shipments continuing at a much higher level compared with the second quarter of 1975, demand as the U.S. begins to pick up. Kaiser's shipments in the third quarter of 1975 were 175,000 short tons, or 20 per cent on last year's second shipment of 146,000 short tons. Over the second quarter volume of 146,000 short tons. Over the nine months of the year shipments at 475,000 short tons are about 33 per cent above the same period last year.

W. J. Corneli, Kaiser's president, said that the company said the losses incurred Kaiser Trading in the

BY GUY HAWTIN

thing of a crisis year. According to the concern, there has been an explosion in raw materials prices which in September went up "overnight" by between 50 and 60 per cent.

Cost increases and a harsh competitive situation are seen as the root of the group's problems. Packaging materials have gone up in price by 10 to 15 per cent, energy costs — an important factor in coffee processing — went up by 28 per cent, while personnel costs have risen by 14 per cent. The concern has been unable to absorb these and has

Strict savings measures in the fields of distribution and recruitment have brought costs in these areas under control. Personnel costs, however, during 1974 rose by DM6.2m. to DM91.4m. Investment in 1974 fell from the previous year's DM44m. to DM38m.

100

BY JAMES FORTH

problems encountered last year after which the Bank of England asked shareholders in London-based consortium banks to take responsibility for their affiliates. The shareholders in Euro-Pac are Commercial Bank of

BY JAMES FORTH

SYDNEY, Oct. 13.—Increase of 113,000 tonnes in exports. Directors said the profit in reflected higher export prices received in the latter part of the year, although this was set to some extent by lower productivity.

The profit was after tax of 3.78m. (after deducting a tax payment of \$A1.0m.), compared with \$A1.4m. in the previous year. The profit was after non-recurring expenses of \$348,000 for future benefits for employees arising from mining awards and \$15,000 for past service benefits because of a new superannuation plan.

BY MICHAEL VAN OOST

The company said at a Press briefing in Rotterdam to-day that the loans had been possible in view of the company's "strong" balance sheet position, while the debt/equity ratio would remain at an "acceptable" level. In addition to using the loans for normal financing purposes, part would be used in connection with the building of ships for its own

BY MICHAEL VAN OSE

which HBU has a 20 per cent. participation, while the Venezuelan industrial group Polar will hold the remaining 80 per cent. To-day's statement from ABN's head office in Amsterdam added that the new

BY MICHAEL VAN OSE

In view of the uncertainties on what direction the interest rates would take. "The period is characterised by factors tending to produce an increase in interest rates, such as inflation, and fear of inflation, which are competing with factors tending to produce

Mid Offer CONVERTIBLE

[illegible]

French bonds and in American dollar bonds, and had placed dollars on deposit. After the long decline of the dollar, that currency is considered to be undervalued.

Source: White Wolf Securities.

WILLIAM. BROWN, JR. (1861-1931)

These notes having been sold, this announcement appears as a matter of record only.

New Issue

October 1975

Can. \$30,000,000

Roy Marine Leasing Limited

9½ per cent. Guaranteed Notes due 1980

Guaranteed by

The Royal Bank of Canada

Orion Bank Limited

Credit Suisse White Weld Limited	International Marine Banking Co. Limited
Swiss Bank Corporation (Overseas) Limited	Union Bank of Switzerland (Securities) Limited
Westminster Landbank, Cincinnati	Wood Gundy Limited
	Greenfields Incorporated

E. Auzan & Co. Limited
Alhaji Banks & Kwame (L.S.C.G.)
Algerian Bank Nederland N.V.
American Express Middle East
Development Co. S.A.L.
Amsterdamsche Rotterdams Bank N.V.
ARINFI (The Arab International
Finance Company)
Julius Baer International Limited
Banca Commerciale Italiana
Banca del Gottardo
Banca Nazionale del Lavoro
Banca dei Societa Italiana
Banca di Roma
Banque Internationale Limited
Banque Transatlantique Limited
Bank Gattwiler, Karr, Bangerter
(Overseas) Limited
Bankhaus Baurgard & Reichelstein AG
Bank Leu & Co. Limited
Bank Moss & Hope N.V.
Banque Arabs et Internationale
d'Investissement (B.A.I.)
Banque Belge pour l'Industrie et
le Commerce Limited
Banque de l'Indochine S.A.
Banque de Commerce S.A.
Banque Francaise de Depots et de Titres
Banque Generale du Luxembourg S.A.
Banque de l'Indochine
Banque Internationale d'Assurance S.A.
Banque Louis-Dreyfus
Banque Nationale de Paris
Banque de Neuilly, Solheim-Brogger, Nielsen
Banque de Paris et des Pays-Bas
Banque Populaire Suisse (Underwriters) S.A.
Banque de Suze et de l'Union des Mines
Banque de l'Union Europeenne
Barings Brothers & Co. Limited
Bayerische Verkehrsbank
Basler Handelsbank Frankfurter Bank
Nykt Eastman Dillon & Co.
International Limited
Banco Barmine & International Bank
Limited
Capitalis Internationale S.p.A.
Commerz & Co.
Classe Manhattan Limited
Citibank International Bank Limited
Comptoirs Aktiengesellschaft
Comptoirs Transatlantique S.p.A.
Creditanstalt Wilmsh Limited

Credit-Finanz-Bank Berlin
Credit Commercial du France
Credit General Societa Anonyme de Banque
Credit Industriel d'Alsace et de Lorraine
Credit Industriel et Commercial
Credit Lyonnais
Credit du Nord et Union Parisienne
"Union Parisienne"
Credit Indus
Richard Durr & Co. Bankiers
Don Deutsche Landesbank
Donnerbros Creditbank
Deutsche Bank Aktiengesellschaft
Deutsche Girobank
- Deutsche Kassenbank -
Dewar & Associates International S.G.B.
Dillon, Read Overseas Corporation
Dominion Securities Corporation
Dorris & Partners Limited
Dresdner Bank Aktiengesellschaft
European Banking Company Limited
First Boston (Europe) Limited
First Chicago Limited
Robert Fleming & Co. Limited
Antony Gibbs Holdings Limited
Girocentral and Bank der Oesterreichischen
Sparkassen Aktiengesellschaft
Goldman Sachs International Corp.
Hambros Bank Limited
Handelsbank für Zürich (Overseas) Limited
Hessische Landesbank Girocentral
Hill Samuel & Co. Limited
Internation-Banque
Jardine Fleming & Co. Limited
Kasseler-Opake-Pankli
Kilger, Penbury International Limited
Kipfhausen Handelsbank
Kleinwort, Benson Limited
Kreditbank N.V.
Kreditbank S.A. Luxembourgische
Kuhn, Loeb & Co. International
Kwark Finanzial Centre S.A.K.
Kwark Foreign Trading Company
& Investment Company (K.A.K.)
Kwark International Investment Company
(S.A.K.)
Kwark Investment Company (S.A.K.)
Kwark Ltd. S. Limited
Lazard Freres et Cie
Leopoldo Frankel Inc.

Lloyds Bank International Limited
London Multinational Bank
(Underwriters) Limited
London Mercantile Finance Limited
Merck, Finck & Co.
Merrill Lynch, Pierce, Fenner & Smith
Securities Underwriter Limited
Samuel Montagu & Co. Limited
Morgan & Co. International S.A.
Morgan Grenfell & Co. Limited
National Commercial Bank (Saudi Arabia)
National Westminster Bank Limited
Nederlandse Handelsmaatschappij N.V.
Nederlandse Creditbank N.V.
Nesbitt, Thomson Limited
The Nibels Securities Co. (Europe) Ltd.
Nippon Kargo N.V.
Norddeutsche Landesbank Girocentral
Oesterreichische Landesbank
Aktiengesellschaft
Orion Pacific Limited
Petrochemie, Van Campenham Securities S.A.
Pictet International Ltd.
Pierres, Halding & Pictet N.Y.
Pittell, Mitchell & Company Limited
Poljakowski Indushtyjskij Oy
Nordiska Föreningsskandinaviska
Forsk och Kreditbanken, FKBanken
Privatbanken Aktiengesellschaft
Habsburger International Bank N.V.
Riyad Bank Limited
N. M. Rothschild & Sons Limited
Sal. Oppenheim jr. & Cie
J. Henry Schroder Wagg & Co. Limited
Steinhardt'sche Bank für Bank
Smith, Barney & Co. International
Societa Bancaire Barclay's (Overseas) Limited
Societa Finanziaria Assicurativa
(SOFIAS) RAS Group
Societa Generale
Societa Generale di Assicurazioni di Banque
Societa Generale di Banque S.A.
Societa, Trenchard & Co.
Svenska Handelsbanken
Union de Banques Arabes et Europeennes
- U.B.A.E. -
Union de Banques Arabes et Francaises
- U.B.A.F. -
J. Vastel & Co.
W. G. Warburg & Co. Ltd.
Wiley Limited
Williams, Glyn & Co.
Deau Witter & Co. Incorporated

هكذا من الأصل

STOCK EXCHANGE REPORT

Quietly dull day in markets awaiting trade figures

Share index 3.5 lower at 335.9—Glaxo react late

Account Dealing Dates
Option
First Declared Last Account
Dealings Date Dealings Day
Sep. 22 Oct. 2 Oct. 14
Oct. 16 Oct. 17 Oct. 28
Oct. 30 Oct. 31 Nov. 11
New time dealings may take place
from 1.30 a.m. two business days earlier.

With interest restrained pending today's announcement of the September trade figures, stock markets made a rather ragged showing as the second leg of the Account got underway yesterday. After a hesitant start, leading industrials drifted lower and by 1 p.m. the FT 30-share index was showing a loss of 3 points at 336.4. Thereafter, trading was almost at a standstill and prices barely stirred until the late dealings when a further easing in prices left the index 3.5 down at its lowest of the day at 335.9. British Funds fared little better in the way of activity, but after an earlier opening, prices hardened to end the day without much alteration on balance. The Government Securities index closed 0.02 lower at 354.2.

Second-line equities failed to produce much in the way of features, although week-end Press comment prompted the odd bright spot. Overall, the trend was mixed, but falls led rises by 4-5 in FT-quoted industrials and the FT-Actuaries All-Share index eased 0.5 per cent to 146.97. Official markings of 6.53 compared with 4.84 last Friday and 6.202 a week ago.

Gold shares also put on a rather uninspiring performance. Nevertheless, final quotations were a little better and the Gold Mines index closed 2 points higher at 353.1.

to-day. Business was, of course, restrained by these suppositions and early in the day quotations drifted a little lower before leveling. The shorts were additionally required to digest the effects of the new short "tap," Treasury 1½ per cent, 1981, of which £500m. at 96 is to be issued. Subsequently, the old "tap," Treasury 9½ per cent, 1980, slipped to 96½ but Treasury 3 per cent, 1977, gained 3 points to 85½. Among recently-issued Fixed Interest stocks, Lloyds 14 per cent, 1983-86, in £10-paid form, rose 1 to 84.

The easier tendency, which began late on Friday in the investment currency market, continued yesterday in small trading and the premium closed 13 points lower at 89½ per cent. There was no fall in the recent inquiry for Autofagasta 5 per cent Preference, which gained a point more to 55.5. Yesterday's SE conversion factor was 0.6321 (0.6221).

C. E. Heath up

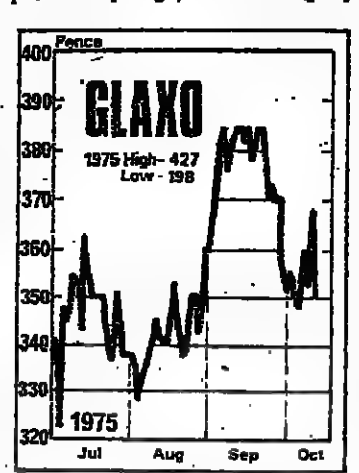
C. E. Heath was a firm market in Insurances, rising 1 to 246. While Legal and General edged down a penny to 235½, the latter's interim figures are expected to-morrow. Composites lacked support and drifted lower to display falls of up to 5 by the close.

The big four Banks closed with small irregular price movements after a quiet trade. Barclays hardened 3 to 309½ after 236½, but Midland eased 2 to 273½ and National Westminster closed 3 down at 235½. Slater Walker eased a penny to 32 in Merchant banks, while Provident Financial edged 1 to 74½ in Hire Purchases.

Little of interest took place in Breweries, which closed with small losses after a quiet trade. Elsewhere, Distillers lacked support and edged 1½ down at 115½, but Amalgamated Distilled Products

were marked a penny higher to 439 following week-end Press comment.

Magnet Joinery became a late dull feature in Buildings, easing 8 to 130½ on news of the agreed merger with Southern Bricks. 3½ better at 92½. Elsewhere, Associated Cement cheapened 4 to 173½ and London Brick (interim results due October 23) gave up 2 to 54½. Higgs and Hill, 45½, lost 3 of last Friday's gain of 7 which followed the first-half profits upsurge, while slightly



lower first-half earnings left M. P. Kent a penny off at 32½. Bryant Holdings eased a like amount to 24½ for a similar reason, while losses of 3 and 3 respectively were recorded in Leonard Fairclough, 180½, and International Paint, 190½. Istock Johnson improved 3 to 84½ and Marshalls (Haltia) put on 2 to 65½.

In mixed Chemicals, ICI lacked support and shed 2 to 255½, while Fisons declined 4 to 373½. Further consideration of the higher first-half profits helped Storey Brothers improve 2 to 197½ "high" of 47½, while similar improvements were seen in Albright and Wilson,

66½, Anchor, 32½, Yorkshire, 94½, and Willows Francis, 25½.

HIV hardened 2 to 35½ in Televising issues.

Press suggestions that interim profits (due to be announced to-morrow week) will suffer a sizeable cutback due to additional pension provisions unsettled markets and Spencer, however, after touching 10½, the shares picked up to 103½ for a net loss of 2. Other Store leaders also closed with minor losses, above the day's work. UDS Bashed 2 off at 83½, after 82½, awaiting to-day's half-year results, while British Home Stores, with interim figures expected to-morrow, ended similarly easier at 345½, after 343½. Elsewhere, week-end Press comment predicting an imminent "rights" offer on attractive bonus terms brought fresh strength to Combined English Stores, which followed last Friday's rise of 5 with a further gain of 4 to 90½. Buyers quite shifty to second-half prospects, struggled aside the first-half profits contraction and lifted A. Goldberg 5 to 30½. Others to find favour were Martin Newsagents, 134½, and John Menzies, 120½, which improved 2 better at 37½. Mail Orders recouped initial small losses.

Electrical leaders remained neglected and hardly moved. EMI, the maker of last year's Japanese orders for its revolutionary X-ray scanner, closed a penny harder at 214½. GEC held steady at 124½, but Thorn Electrical declined 4 to 207½ and Plessey a penny in 71½. Secondary issues were also barely changed.

The most prominent Engineering features were usually of an adverse nature. Dupont reacted quite shifty to news of a half-share loss, losing 3 to 41½, while Stothert and Pitt gave up 4 to 73½ following the second-half setback. Profit-taking took its toll on Westinghouse, down at 274½. Balfour and Wilco new nil-paid shares

slipped 4 to 37½ and Staveley shed 3 to 100½. Unfavourable newspaper mention brought West back 2 to 65½ and S. Elliott down 1½ to 93½. The favourably commented Liff Clayton 3½ to 35½ and Serek 4 to 30½. Peter Brotherhood rose 7½ to 73½, before closing unchanged on balance at 67½, but Triplex Foundries improved 3 to 41½ and John Brotherhood 4 to 177½. Swan Hunter, in Shipbuilders, was unsettled by comment on Maritime Fruit Carriers, and fell 3 to 68½.

Selected Foods were offered and in particular, Northern Foods nil-paid shares which fell 3 to 34½ premium; the old lost 2 to 50½. Also sold were Cavenham, 3 easier at 140½, but Associated Dairies picked up 4 to 224½. Favourable week-end mention caused RHM to harden 1 to 43½ and Wheatstreak to gain 1 to 15½. The confident tenor of the chairman's review nudged Gateway "A" 1 higher to 42½.

Hotels continued to be featured by Grand Metropolitan, the New nil-paid shares of which reacted 2 more to 113½ premium; the Old class 11 down at 61½. J. Lyons "A" slipped 4 to 186½, but M. F. North remained at 19½, the sharp midday setback being much in line with expectations.

Glaxo disappoint

Expressing some disappointment with the after-hours preliminary results, Glaxo, just a shade easier prior to the news, retreated late to close 13 down on the day at 350½. Other miscellaneous industrial leaders closed with mainly minor losses after a quiet trading session, although Chelver for a reaction of 8 to 392½. The company's statement last Friday, while praising its development of two new new killing drugs had resulted in "quite unjustified and unwanted publicity" brought Reckitt and Coleman back 5 to 33½ after 37½, while Bunge Services on the international reacted 4 to 228½, while Beecham eased 3 to 306½. Elsewhere, adverse Press comment caused further nervousness in GIRA Property Trust, which ended 4 lower at 13½, after 12½, availing the overdue interim results. British Syphon weakened 3 to 14½ in reflection of the passed interim dividend and cash profits, while Gecor, 59½, relinquished 3 of last Friday's advance of 9 on bid speculation. European Ferries edged 2½ down at 34½, after 31½, while Bunge Services on the chairman's statement, lost 2 to 4½.

Maynards were spurred on by favourable Press comment and rose 10 further to 365½, while

similarly influenced, Wm. Baird 3 to 76½. Press suggestions of a possible change in domicile left Wood Hall Trust 2 firmer at 38½, after 36½. Office Electrics, Machine, re-sponded to the first half profits increase with an improvement of 3 to 56½, while Marley-Black announcement, hardened 2 to 84½. Hunting, Associated put on a penny to 70½ in front of to-day's half time figures. Law and Benson gained 5 at 160½, while improvements of 4 occurred in Conak, 32½, and Beaton, Clark, 37½. Valer Deferred put on 3 to 27½, while the South African Barlow Rand gained 8 at 245½.

Motors spent a fairly quiet session, 1968 International eased 1 to 13½, while the first consideration of interim results, much as expected, but picked up to close only 1 down on the day at 159½. Lucas Industries made ground on small buying to close 3 up at 126½, while Rolls-Royce improved 1½ to 55½. Clayton Devanah gained 3 to 53½, after having opened later in reflection of business done late last Friday. Pennine Motor, however, were a poor market at 2½. Exploration put on 3 to 27½, after 24½, while the chairman's statement, 4 higher at 112½.

Business was very slack in the Property leaders, which generally closed a shade easier. MRCPC shed 2 to 68½, while Land Securities finished a penny softer at 173½, after 172½. Small losses were scattered throughout the secondary issues, although Barratt Developments managed to harden 2 to 113½, following last week's advance of 26 on a revival of bid speculation. Bernard Stanley ran out of steam and reacted 5 to 170½. London Bridge Securities put up a poor performance to close 3½ down at 13½.

Oils quietly firm

Oils fully maintained last week's firm undertone and British Petroleum established a fresh peak for the year of 475½, up 3. Business, as in other Oils, was very slow and movements marginal. Shell edged forward to 360½, 1975 high, before reverting to Friday's closing level, while Barmah eased 1 to 33½, despite Press mention. Reports of a pending rights issue caused a drop in C.O. North Sea Associates, dealt in under a special Rile, 3 points to 222½. Among overseas issues, Weeks

FINANCIAL TIMES STOCK INDICES

	Oct. 13	Oct. 10	Oct. 9	Oct. 8	Oct. 7	Oct. 6
Government Secs.	354.2	354.2	354.2	354.2	354.2	354.2
Fixed Interest	354.2	354.2	354.2	354.2	354.2	354.2
Industrial Ordinary	335.9	336.4	336.4	336.4	336.4	336.4
Gold Mines	353.1	353.1	353.1	353.1	353.1	353.1
Uncl. Div. Yld. 2	6.53	6.53	6.53	6.53	6.53	6.53
Uncl. Div. Yld. 10	17.08	17.08	17.08	17.08	17.08	17.08
Uncl. Div. Yld. 100	8.34	8.34	8.34	8.34	8.34	8.34
Debt Ratio (100 to 1)	8.812	8.812	8.812	8.812	8.812	8.812
Equity turnover (m)	88.31	88.31	88.31	88.31	88.31	88.31
Equity turnover (m)	14,609	14,671	14,671	14,671	14,671	14,671

19 a.m. 304.8 21 a.m. 337.1 Noon 377.4 1 p.m. 384.4
2 p.m. 391.5 3 p.m. 384.4
Last day's close 384.4

(a) Based on 12 per cent corporation tax, (b) 100-100, (c) 100-100, (d) 100-100, (e) 100-100, (f) 100-100, (g) 100-100, (h) 100-100, (i) 100-100, (j) 100-100, (k) 100-100, (l) 100-100, (m) 100-100, (n) 100-100, (o) 100-100, (p) 100-100, (q) 100-100, (r) 100-100, (s) 100-100, (t) 100-100, (u) 100-100, (v) 100-100, (w) 100-100, (x) 100-100, (y) 100-100, (z) 100-100, (aa) 100-100, (ab) 100-100, (ac) 100-100, (ad) 100-100, (ae) 100-100, (af) 100-100, (ag) 100-100, (ah) 100-100, (ai) 100-100, (aj) 100-100, (ak) 100-100, (al) 100-100, (am) 100-100, (an) 100-100, (ao) 100-100, (ap) 100-100, (aq) 100-100, (ar) 100-100, (as) 100-100, (at) 100-100, (au) 100-100, (av) 100-100, (aw) 100-100, (ax) 100-100, (ay) 100-100, (az) 100-100, (ba) 100-100, (bb) 100-100, (bc) 100-100, (bd) 100-100, (be) 100-100, (bf) 100-100, (bg) 100-100, (bh) 100-100, (bi) 100-100, (bj) 100-100, (bk) 100-100, (bl) 100-100, (bm) 100-100, (bn) 100-100, (bo) 100-100, (bp) 100-100, (bq) 100-100, (br) 100-100, (bs) 100-100, 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INSURANCE, PROPERTY, BONDS

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Singer & Friedman	Ltd. Agents
28, Cannon St., B.C.A.	09-3769468
Tokyo Tel. Sec. Dept.	2.00 2.71
Tokyo Tel. Sec. Dept.	\$22.13 2.71
Stanton Walker Ins. Co. (C.L.) Ltd.	
2 Grand Place, St. Peter Port, Guernsey	1.00 1.30
Stanton Walker (Jersey)	
22 Church St., St. Helier, Jersey	09-3769468
Growth Invest.	22.54 2.71
Investment	22.54 2.71
Stanton Walker (Jersey) Ltd.	1.30 2.71
Values at Oct. 31, next dealings due Oct. 29.	

FT SHARE INFORMATION SERVICE

BRITISH FUNDS									
1975	High	Low	Stock	Price	Dr.	Cr.	Yld	Vol	Notes
99	99	99	"Shortie" (Over up to Five Years)	11.28					
99	99	99	Debt Exp. 1974-1975	6.77					
99	99	99	Debt Exp. 1975-1976	6.50					
99	99	99	Debt Exp. 1976-1977	6.30					
99	99	99	Debt Exp. 1977-1978	6.10					
99	99	99	Debt Exp. 1978-1979	5.90					
99	99	99	Debt Exp. 1979-1980	5.70					
99	99	99	Debt Exp. 1980-1981	5.50					
99	99	99	Debt Exp. 1981-1982	5.30					
99	99	99	Debt Exp. 1982-1983	5.10					
99	99	99	Debt Exp. 1983-1984	4.90					
99	99	99	Debt Exp. 1984-1985	4.70					
99	99	99	Debt Exp. 1985-1986	4.50					
99	99	99	Debt Exp. 1986-1987	4.30					
99	99	99	Debt Exp. 1987-1988	4.10					
99	99	99	Debt Exp. 1988-1989	3.90					
99	99	99	Debt Exp. 1989-1990	3.70					
99	99	99	Debt Exp. 1990-1991	3.50					
99	99	99	Debt Exp. 1991-1992	3.30					
99	99	99	Debt Exp. 1992-1993	3.10					
99	99	99	Debt Exp. 1993-1994	2.90					
99	99	99	Debt Exp. 1994-1995	2.70					
99	99	99	Debt Exp. 1995-1996	2.50					
99	99	99	Debt Exp. 1996-1997	2.30					
99	99	99	Debt Exp. 1997-1998	2.10					
99	99	99	Debt Exp. 1998-1999	1.90					
99	99	99	Debt Exp. 1999-2000	1.70					
99	99	99	Debt Exp. 2000-2001	1.50					
99	99	99	Debt Exp. 2001-2002	1.30					
99	99	99	Debt Exp. 2002-2003	1.10					
99	99	99	Debt Exp. 2003-2004	0.90					
99	99	99	Debt Exp. 2004-2005	0.70					
99	99	99	Debt Exp. 2005-2006	0.50					
99	99	99	Debt Exp. 2006-2007	0.30					
99	99	99	Debt Exp. 2007-2008	0.10					
99	99	99	Debt Exp. 2008-2009	0.00					
99	99	99	Debt Exp. 2009-2010	0.00					
99	99	99	Debt Exp. 2010-2011	0.00					
99	99	99	Debt Exp. 2011-2012	0.00					
99	99	99	Debt Exp. 2012-2013	0.00					
99	99	99	Debt Exp. 2013-2014	0.00					
99	99	99	Debt Exp. 2014-2015	0.00					
99	99	99	Debt Exp. 2015-2016	0.00					
99	99	99	Debt Exp. 2016-2017	0.00					
99	99	99	Debt Exp. 2017-2018	0.00					
99	99	99	Debt Exp. 2018-2019	0.00					
99	99	99	Debt Exp. 2019-2020	0.00					
99	99	99	Debt Exp. 2020-2021	0.00					
99	99	99	Debt Exp. 2021-2022	0.00					
99	99	99	Debt Exp. 2022-2023	0.00					
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RENTAL PURCHASE

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BUFFING INDUSTRY - 41-42

[illegible]

1 DRAPERY AND STORES—Contd.

[illegible]

ENGINEERING—Cont.

[illegible]

65	29	Rowton Hotels	64	4.81	1.6
28	15	Savoy "A" 10m	23	0.50	-

[illegible]

1. *Journal of the American Medical Association*, 1997; 277: 1033-1037.

1. The first part of the document is a list of names and titles, including "The Hon. Mr. Justice" and "The Hon. Mr. Justice".

هكذا من الأصل

Stonehouse expects to make Commons statement soon

BY PHILIP RAWSTORNE

MR. JOHN STONEHOUSE, Labour MP for Walsall North, who was yesterday accused of further offences over his application for legal aid, said last night that he was confident that he would be allowed to make a personal statement to the Commons in the next few days.

Speaking after his 40-minute meeting with the Speaker, Mr. Selwyn Lloyd, Mr. Stonehouse said that the statement would not be concerned with the criminal charges against him.

"I have no worry about the courts and do not want to use a personal statement as part of my defence," he declared.

Mr. Stonehouse, who is accused of an attempted £125,000 insurance fraud and the theft of more than £21,000 from the funds of a London export company, had earlier successfully applied for the adjournment of his committal proceedings against him at Horseferry Road Court so that he could attend the Commons.

He entered the Commons Chamber just after 3.30 p.m. and

stood at the Bar of the House for a few minutes, listening impassively to a protest by Mr. Max Madden, Labour MP for Sowerby, who told the Speaker that a statement from Mr. Stonehouse would "not be universally welcome".

The Speaker, cutting the protest short, said that it was a matter for him to decide whether a statement should be made and to approve its contents.

Mr. Stonehouse, ignored by both nearby Labour and Tory MPs, left the Chamber as the Commons began to debate the Community Land Bill but he later voted with the Government in one division.

Working in the Commons Library—his old office and desk have been allocated to another MP—Mr. Stonehouse tabled a number of questions to the Home Secretary about the interception of his mail while he was on remand in prison.

Mr. Stonehouse said last night that he intended to return to the Commons to-day to table

further questions and would be in "constant communication" with the Speaker about his statement.

As the committal proceedings on 31 charges of theft, forgery, conspiracy and attempted fraud opened yesterday, Mr. Stonehouse was accused on two further counts of lying over his application for legal aid.

Outlining the main prosecution case against Mr. Stonehouse and his former secretary Mrs. Sheila Buckley, who is also charged with theft and conspiracy, Mr. David Tudor Price said that Mr. Stonehouse had become acutely aware of his debts last year and had begun an elaborate plan to fabricate his death and to get funds in false names in Switzerland and Australia.

Mr. Tudor Price alleged that Mr. Stonehouse had approached the widows of two men who had died in a Walsall hospital and had obtained details about their lives which enabled him to pose later as either of the dead men. He had stolen money from

Export Promotion and Consultancy Services of which both he and Mrs. Buckley were directors and had run up substantial credit card debts.

Mr. Tudor Price said that proposal forms for life insurance signed by his wife had enabled him to take out short-term policies for more than £125,000 with five British companies.

To prepare for his disappearance Mr. Stonehouse was said to have opened bank accounts in false names in London and with Australian and Swiss banks.

Of Mrs. Buckley, Mr. Tudor Price said: "She was not just a loyal secretary following instructions but knew the plan and, being his mistress, was going to join him in a new life overseas."

Conspiratorial letters, some in a form of code, passed between them after he had reached Australia.

The committal proceedings, which are expected to last a fortnight, will resume to-day.

Court hearing Page 10

Doctors set talks deadline

BY Loretta Olsberg, Labour Staff

JUNIOR HOSPITAL doctors went on strike in Plymouth and refused to treat any but emergency cases in a number of other towns yesterday to protest against the new contract offered to them by the Government.

Stepped-up protest action is also being threatened by their national organisation if the Department of Health and Social Security does not agree to further talks by Thursday.

At a meeting last night junior hospital doctors and dentists at Stoke Mandeville Hospital, Aylesbury, and associated hospitals, decided upon a total 24-hour strike on Thursday to "emphasise their dissatisfaction with the new contract negotiations."

The protest action yesterday was less widespread than initially threatened, because the Department put off implementation of the controversial new contract—under which about one third of the country's 19,000 junior doctors would earn less than at present—and said it was ready for further talks. But no meeting with the junior doctors' negotiators had been arranged by late last night.

Normal duties

On Thursday, the Hospital Junior Staff Committee of the British Medical Association and the Junior Hospital Doctors' Association, will meet in London to discuss the situation. If they have not got anywhere with the Government by then, they are threatening to "consider what action should be taken."

The Plymouth doctors will resume normal duties to-day after their 24-hour strike pending not only Thursday's meeting, but also talks they have arranged with Dr. David Owen, MP for Plymouth, Devonport, and Minister of State for Health, next Saturday. Yesterday, consultants at the five Plymouth hospitals took over treatment of emergency cases.

Spokesmen for the Junior Hospital Doctors' Association yesterday accused Mrs. Barbara Castle, the Secretary for Social Services, of having gone back on her word that nobody should suffer a loss of earnings as a result of the new contract.

Hints of spending switch, Page 8

THE LEX COLUMN

Querying Glaxo's growth status

At the time of the June rights issue it was said to be too early for Glaxo to forecast its second-half results. But the pressures on margins were already visible at the interim stage, when pre-tax profits were unchanged, and for the full year they emerge £1.2m, lower at £41.4m. The pattern contrasts, however, with sales trends, for the first half's 21 per cent. growth accelerated to 25 per cent. in January-June.

It would appear that Glaxo's margin difficulties arise from the fact that most of this improvement in turnover stems from volume—up by 17 or 18 per cent.—rather than prices, thus increasing the impact of soaring raw material costs. Indeed, it is a fair conclusion that many product prices have actually been falling—at least in terms of overseas currencies; this is certainly true of bulk products like penicillins, which until recently have been earning useful returns.

After all, many of Glaxo's U.K. prices were said to have

Index fell 3.5 to 335.9

fundamentally improved by the impact of the £30m. rights issue. By the second half, though, new products should become a positive factor, and slightly further ahead the projected moves into the U.S. market could add significant potential. The trouble is the yield of 3.7 per cent. at 350p, and the pre-rights p/e of almost 13, do not leave any room for patience.

Magnet/Southerns

The agreed merger between Magnet Joinery and Southern Evans looks a natural—and it also raises intriguing thoughts about dividend controls. Magnet is to get just over 55 per cent. of the equity in a new company, which is a shade more than its contribution to assets and profits. But its shares have always been rated more highly than Southern's, and last night they fell 8p to 130p, which is exactly where they should be under the merger terms, with Southern standing at 92½p.

The fun is, however, that the merged Magnet and Southern is a new company, and as such is free from dividend controls for two years. Last year the two companies' payments were each covered six times or more: the new group is forecasting a dividend at roughly twice the rate of its two constituents. The prospective yield at current prices is 8½ per cent., so this really may be a case where two plus two makes five in stock market terms.

Of course there is much more to it than that. Southern has a substantial amount of joinery work to go through Magnet's factories, and will add 100 depots to Magnet's existing 117. The new group will have a very strong balance sheet, with over £33m. of net assets, cash of about £1m, and negligible debt. The combined market capitalisation of £29m. has definite attractions.

Dupont

The slump in U.K. steel consumption depressed GKN's forecasting sights last month: it now claims another victim. Six months' profits from Dupont are down by £3.8m. to £1.47m. pre-tax, and the group "will do well" if the current half-year can match this performance: in

1974-75 profits totalled £1.47m. Thus the rights issue for May that a maintained dividend would be "amplified" is looking distinctly

Dupont's profits forecast implies a reduction in 1.3 times on average from an historic 44. Steelmaking is the area with the re-roll bright drawing units holding relatively well. The steel industry overall accounted for 10 per cent. of pre-interest last year, but with tonnage down 18 per cent. in the second quarter this (against industry average per cent. and 28 per cent. operations concerned actual production have badly into the red. These losses are now being tamed, while Dupont year cut its workforce by a sixth. The balance sheet 1974-75 "strongly" and rowings still represent a third of shareholders. But a yield of 22.9 per cent. down 5½p, a small consolation to shareholders who took rights at 45p.

Airco

The prospectus for £75m. debenture offers U.S. provides extra thinking that BOC, the new group is forecasting a dividend at roughly twice the rate of its two constituents. The prospective yield at current prices is 8½ per cent., so this really may be a case where two plus two makes five in stock market terms.

The Federal Trade Commission's ruling on BOC's is expected any day. BOC's is adverse, BOC will case through the open and it still claims a string of willing buyers else fails.

'Green £' devaluation proposed

By Robin Reeves

LUXEMBOURG, Oct. 13. THE BRITISH dairy industry's campaign for higher milk prices to cope with the steep rise in costs bore fruit here this evening when a formal proposal to devalue the Green Pound by 5.5 per cent. was placed on the table of the EEC Council of Agricultural Ministers meeting by the European Commission.

If, as expected, the proposal is approved by the Council to-morrow, British dairy producers stand to gain an extra 2.3p a gallon. The retail price of milk, on the other hand, is likely to go up by 1.5p a pint at the end of the month instead of just 1p as planned. The only way this could be avoided would be by increasing the consumer subsidy on milk and milk products presently running at £270m. in the full year.

A further rise in bacon, canned hams and other processed pig meat product prices is also virtually certain when the devaluation goes through. However, the Commission's proposal evidently allows for the impact on other food products to be staggered. The effect on beef would be delayed until after Christmas and on cereals until the start of the new season on August 1, 1976. Thus the price of bread and other grain-based food items will be isolated from the effect of the devaluation for the time being.

The green pound is the exchange rate between sterling and the EEC's notional currency, the unit of account for agricultural purposes. Devaluation has the practical effect of raising official agricultural prices to U.K. farmers and cutting the EEC subsidies, worth millions of pounds a month on many of Britain's food imports.

This latest move—there was a 5 per cent. green pound devaluation last July—brings British farm prices closer into line with common EEC levels.

There is expected to be pressure from some member Governments for amendments before its return to the Council for expected formal approval by Ministers to-morrow morning. At the same time, the Commission announced it was opening formal legal proceedings against France with the aim of persuading the French Government to lift its illegal 12 per cent. tariff against cheap Italian wine imports.

Crown Agent guarantees expected to-day

BY MARGARET REID

EXPLICIT Government assurances of support for, and guarantees of, the Crown Agents, in face of a position of technical insolvency resulting from the past year's losses are expected to be spelt out to-morrow or on Thursday.

The assurances are looked for in a statement in Parliament by Mr. Denis Prentice, Minister for Overseas Development, coinciding with the publication of the 1974 accounts of the Agents, who last year received an £85m. official grant to fend off a financial crisis.

The accounts are likely to show a large loss, after provision of some £130m. as a consequence of the past involvement of the Agents—who handle purchasing and investment for 90 overseas Governments—in the troubled secondary banking and property sectors.

The losses disclosed will not be completely covered by the £85m. grant and previous resources, and the relatively small gap will involve what will, in a technical sense, be a degree of insolvency. However, since the Agents are not an incorporated body, there will be no need for a further grant, at least at this stage.

Reiterated assurances of full Government support will clarify the Agents' position while the exact pattern of their long-term future organisation is considered. There is a healthy cash position at the Agents, where banker and industrialist Mr. John Cuckney became chairman a year ago and began the process of disengagement from secondary banking and property. Since the Government's backing for the Agents was made clear at the time of the grant's announcement last December, deposits have risen to near-record levels.

In his statement, Mr. Prentice is also expected to deal with the point, which has been raised, that the Agents are not a bank or a licensed mortgage lender, and therefore that some doubt might be expressed as to their right to reclaim money they had lent.

This question is thought to have been ventilated in relation to the Agents' claims in connection with the settlement of the affairs of certain of their large creditors, notably the troubled Stern group, to which it has loans of nearly £40m. outstanding.

Mr. Prentice is likely to refer to this subject and to indicate

in what way the Government can help.

It would be surprising if there was not considerable understanding on the Opposition side for the Government's approach to the problems accumulated in the past by the Agents, since the events leading up to the large losses to be disclosed took place under both Conservative and Labour administrations. In particular, the unpublished report on the Agents in 1973 by the former senior civil servant Sir Matthew Stevenson was presented before the present Labour Government took office in 1974.

Consideration of the Crown Agents' future organisation is likely to be a relatively long-term process, perhaps being conducted on the basis of the production, in due course, of a Government Green Paper or White Paper. This would allow the Agents' many overseas customers or "principals" to be consulted at leisure.

The eventual pattern could be some form of statutory company or public corporation for the on-going activities, while the diminishing secondary banking and property business was handled under different arrangements.

New total of jobless teachers increases NUT fears

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

ALMOST 5,300 unemployed school teachers were seeking jobs last month—an increase of more than 20 per cent. on the corresponding figure in September, 1974—according to the Department of Employment last night.

The reaction of the National Union of Teachers was one of dismay, especially since, as an NUT spokesman said, the Employment Department's figure would leave out of account many jobless teachers who had not registered as unemployed.

"This increases our fears of what may happen next year," the spokesman added.

The Department of Employment's announcement followed the launching in London of a campaign to have education services exempted from the Government's standstill on local authority spending. The campaign, which will culminate in a rally and lobby in Parliament on October 31, is being organised by the Council for Educational Advance, in which the National Union of Teachers plays a leading role.

The council yesterday drew attention to "disastrous" economy measures being planned among the local education authorities in the train of the Government standstill.

These included "worsening" of the teacher/pupil ratio, which at present is estimated at about one teacher to every 20.5 pupils in State schools in England and Wales, and in some authorities the substitution of textured vegetable protein for meat in some of each week's school dinners, or the serving of bread or rice in place of potatoes on all but two days of the week.

"If we fail to invest in our children's education," now declared Mr. Cyril Pyle, the council's chairman, "we are sabotaging not only each child's chances in the future, but also those of the country as a whole."

Rank to lease out part of cinema chain

BY MICHAEL LAFFERTY

THE RANK Organisation is in the process of disposing of a number of its cinemas.

This emerged yesterday after Brent Walker, the leisure group, announced that it had concluded arrangements with Rank Leisure Services to acquire the operation of six Rank cinemas with immediate effect. The cinemas, which are being leased from Rank, will be run by Brent Walker's film division Focus. The acquisition gives Focus a total of 18 screens.

Neither company would disclose what the consideration for this deal was but a spokesman for Rank declared all the leases for Rank declared all the leases were for a period of five years. The Brent Walker deal follows the disclosure last week that

Rank has closed down or is in the process of disposing of seven other cinemas.

Apart from these sales and closures it is believed that Rank has a number of other cinemas which are being considered for disposal.

Rank now has some 265 cinemas. In his annual statement with Rank's 1974 accounts the chairman, Sir John Davis, noted that attendances had shown an improvement, the first time the decline had halted since 1956. He added that, with the development of "multi-auditoria," 34 new screens had been created while 11 cinemas had been closed and the modernisation programme was continuing at a slower rate in the current year.

Weather

U.K. TO-DAY
MOST areas cloudy. Rain at times. Brighter, showery weather spreading to W. later. Rather cold in Central and E. Districts. Near-normal temps. likely in W.
London, S.E., Cent. S., E., Cent. N. England, E. Anglia, Midlands. Cloudy. Outbreaks of rain. Wind variable, light to S. moderate. Rather cold. Max. 12C (54F).
Channel Islands, S.W. England, Wales, Isle of Man, N. Ireland.

BUSINESS CENTRES			
	Y-day	Mid-day	Y-day
Amsterdam	C 17	Madrid	S 13
Athens	C 28	Manchester	R 13
Bahra	S 21	Moscow	R 11
Barcelona	S 21	Milan	R 11
Bombay	S 21	Paris	R 11
Buenos Aires	S 21	Rome	R 11
Calcutta	S 21	Stockholm	R 11
Cardiff	S 21	Switzerland	R 11
Cebu	S 21	Tokyo	R 11
Colon	S 21	Winnipeg	R 11
Hong Kong	S 21	Zurich	R 11
London	S 21		
Luxembourg	S 21		

Rain, then brighter with showers. Winds S. to W., moderate. Near normal. Max 14C (57F).
N.W., N.E. England. Cloudy, rain at times. Wind E., moderate to S. Cold. Max. 11C (52F).
Lake District, S.W., N.W. Scotland, Glasgow, Cent. Highlands, Argyll. Cloudy, rain at times. Wind S., fresh or strong. Near normal. Max. 12C (54F).
Rest of Scotland. Bright becoming cloudy with rain. Wind S.E., moderate to strong. Cold. Max. 10C (50F).
Outlook: Changeable with showers. Bright intervals. Temps. near normal.
Lighting-up: London 18.42, Manchester 18.45, Glasgow 18.52, Belfast 19.01.

HOLIDAY RESORTS			
	Y-day	Mid-day	Y-day
Algeria	C 13	Jersey	F 10
Alexandria	C 13	Las Vegas	C 12
Amman	C 13	London	R 13
Antwerp	C 13	Los Angeles	R 13
Athens	C 13	Madrid	R 13
Bahra	C 13	Moscow	R 13
Barcelona	C 13	Milan	R 13
Bombay	C 13	Paris	R 13
Buenos Aires	C 13	Rome	R 13
Calcutta	C 13	Stockholm	R 13
Cardiff	C 13	Switzerland	R 13
Cebu	C 13	Tokyo	R 13
Colon	C 13	Winnipeg	R 13
Hong Kong	C 13	Zurich	R 13
London	C 13		
Luxembourg	C 13		

Way cleared for full oil conference

BY RICHARD JOHNS

PARTICIPANTS at the meeting here called to prepare for a dialogue between the industrialised countries and the developing world agreed to-day without difficulty on the number of representatives each side will have at the full conference.

They also decided that the first session should take place on December 16 here in Paris at Ministerial level and last for two days, with provision for a third day, significantly just before the OPEC Ministerial meeting scheduled for December 30.

As outlined in the French "consensus" memorandum, the industrialised countries will have eight representatives at the dialogue, and the developing countries 18—though the number of oil-producing states in the second category is not defined.

This broad numerical outline was not objected to by the U.K. component within the EEC delegation—though "without prejudice" to its claim for an individual seat. Sig. Casildo Guazotoni, leader of the EEC delegation, confirmed the "consensus" group.

and Japan to decide how their number should be expanded from three to eight.

He added: "The obviously will work very closely with the OECD on this, but under the rules established by the group of Ten the three will have to make the decision."

In complete contrast to last April's abortive affair, the second preparatory meeting here started smoothly and made progress.

There was complete acceptance on the part of the industrialised countries that the oil-producing and other developing countries should be treated as one bloc, which could be seen as a recognition of the identity of interest emphasised by OPEC.

From the outset, the U.S. stressed its determination that the path towards a full dialogue should be cleared as soon as possible without wrangling.

The chances of this preparatory meeting being over within the maximum of three days prescribed by the French look good.

In pre-conference consultations, Mr. Robinson argued that potentially contentious issues should be deferred until full conference or if possible settled through diplomatic channels.

In particular, relations between, and the status of, the four Commissions dealing with the problems of energy, raw materials, development and finance, including international monetary order, have to be resolved.

To-day, Algeria agreed to a proposal that the strict definition of the role of the Commissions should be postponed and discussions on them here limited to their "general orientation."

Under the consensus, each would have 15 members and two co-chairmen, one from each bloc. The memorandum says: "In fixing the composition of its representation in each Commission, each of the two groups making up the conference will choose from among its members those which by virtue of their particular interests, as well as their general significance, can participate to advance deliberations effectively and responsibly."

However, the one studying financial aspects of energy, raw materials and development would be different insofar as it would be composed of members from the other Commissions.

Mr. Robinson's opening address was delicately phrased in such a way that it would not arouse the susceptibilities of the four oil-producing States (Saudi Arabia, Iran, Venezuela and Algeria) and of the three other developing

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